



# State of Georgia

## Comprehensive Annual Financial Report



Fiscal Year Ended  
June 30, 2009

## **Wormsloe Historic Site**

This site is located 10 miles southeast of Savannah's historic district on Skidaway Road. A breathtaking avenue sheltered by live oaks and Spanish moss leads to the tabby ruins of Wormsloe, the colonial estate of Noble Jones (1702-1775), a physician and carpenter who arrived in Georgia in 1733 with James Oglethorpe and the first group of settlers from England.

The state of Georgia acquired most of the original plantation in 1973. Today, visitors can view a museum with artifacts unearthed at Wormsloe, as well as a short film about the site and the founding of Georgia. A scenic nature trail leads past the tabby ruins to a living-history area where, during programs, demonstrators in period dress exhibit the tools and skills of colonial Georgia.

For additional information on this site, please visit <http://www.gastateparks.org/Wormsloe>.

Photo provided by [© 2009 - Georgia Department of Natural Resources \(DNR\)](#)



# **State of Georgia**

## **Comprehensive Annual Financial Report For the fiscal year ended June 30, 2009**

Prepared by:  
State Accounting Office



# State of Georgia

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For the Fiscal Year Ended June 30, 2009

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# Introductory Section

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Sonny Perdue  
Governor

Greg S. Griffin  
State Accounting Officer

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200 Piedmont Avenue 1604 West Tower Atlanta, GA 30334 Phone (404) 656-2133 Fax (404) 463-5089

**December 31, 2009**

**The Honorable Sonny Perdue, Governor of Georgia**

**The Honorable Members of the General Assembly**

**Citizens of the State of Georgia**

We are pleased to submit the 2009 Comprehensive Annual Financial Report (CAFR) of the State of Georgia, in accordance with the *Official Code of Georgia Annotated* 50-50b-3(7).

This report has been prepared by the State Accounting Office. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the State's management and this office. Although the State manages and budgets its fiscal affairs on a statutory basis of accounting, the CAFR has been prepared in accordance with generally accepted accounting principles (GAAP) for governments as promulgated by the Governmental Accounting Standards Board (GASB). All disclosures necessary to enable the reader to gain an understanding of the State's financial activities have been included.

### **Internal Controls**

Management of the State is responsible for establishing and maintaining internal accounting controls designed to ensure that assets are safeguarded and that financial transactions are properly recorded and adequately documented. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

### **Independent Audit**

The financial statements of the organizations comprising the State reporting entity have been separately examined and reported on by either the State Auditor or independent certified public accountants. The State Auditor has performed an examination of the accompanying financial statements for the State of Georgia and has issued an unqualified opinion on the State's basic financial statements included in this report. The State Auditor's opinion is located at the beginning of the financial section of this report.

Federal laws and regulations require that the State undergo an annual audit in conformity with the Single Audit Act Amendments of 1996 and the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to the single audit, which includes a schedule of expenditures of federal awards, a report on internal control and compliance applicable to each major program, and a schedule of findings and questioned costs, is included in a separately issued State of Georgia Single Audit Report. Also included is a report on internal control over financial reporting and compliance with certain laws, regulations, contracts and grants in accordance with *Government Auditing Standards*.

## Management's Discussion and Analysis (MD&A)

GAAP requires that management provide a discussion and analysis to accompany the State's Basic Financial Statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The State's MD&A is located immediately following the report of the independent auditors.

## PROFILE OF THE STATE

The State of Georgia was the last of the original 13 colonies, founded on February 12, 1733, and became the fourth state by ratifying the U. S. Constitution on January 2, 1788. Georgia is an economic hub of the southeast. The capital in Atlanta is the major economic and population center of the State which also has major regional economic and population centers in Augusta, Savannah, and Macon. Georgia's economic base is diverse with major port facilities on the coast, agricultural resources throughout the State, manufacturing and service industries. The State is a major transportation hub with one of the busiest airports in the nation. Georgia is the ninth largest state with an estimated population of 9.7 million people.

### Structure

The *Constitution of the State of Georgia (Constitution)* provides the basic framework for the State's government, which is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Constitution* and in the *Official Code of Georgia Annotated*. State government services provided to citizens include education, health and welfare, transportation, public safety, economic development, recreation and conservation.

This report presents information on the financial position and operations of state government as one reporting entity. The various agencies, departments, boards, commissions and other organizational units of Georgia state government which constitute the State financial reporting entity are included in the CAFR in accordance with criteria established by the GASB. Accordingly, this report contains information on Georgia's *primary government* and on *component units* that are financially accountable to the State.

### Budgetary Control

The State *Constitution* requires the governor to submit an annual appropriation recommendation to the General Assembly within the first 5 days of the General Assembly convening in general session. The General Assembly appropriates funds in the general appropriations act to cover operations of the State. The *Constitution* limits the amount of the appropriations to the amount available in unappropriated surplus at the beginning of the fiscal year together with the anticipated treasury receipts to be collected during the fiscal year. Annual appropriated budgets are adopted at the departmental and program by funding source level and are applicable primarily to the general fund. All unencumbered annual appropriations lapse at fiscal year-end unless otherwise specified by the *Constitution* or statute. The *Constitution* further authorizes the passage of supplementary appropriations acts for specific purposes, provided sufficient unappropriated funds are available or additional revenue measures have been enacted. Federal funds received by the State are continually appropriated in the exact amounts and for the purposes authorized and directed by the awarding federal agency.

The budgetary basis of accounting required by State law differs materially from the basis used to report revenues and expenditures in accordance with GAAP. In addition, the fund structure utilized to implement the annual budget differs extensively from the fund structure presented in these financial statements.

A separately published *Budgetary Compliance Report* is issued annually to provide readers with information concerning financial compliance with the Amended Appropriations Act.

## **ECONOMIC CONDITIONS AND OUTLOOK**

The national and local economies entered into a severe recession during the State's 2009 fiscal year. The State's economy was significantly impacted by the national recession as total General Fund revenues declined by 10.5 percent from the prior fiscal year due to unprecedented declines in tax revenues. Employment levels fell sharply in Georgia through early 2009 and have since moderated. Georgia's unemployment rate in November 2009 was 10.2 percent and has been near this level since it peaked at 10.3 percent in July 2009. This is slightly above the U.S. rate of 10.0 percent and is consistent with high unemployment rates across the southeast. Georgia's population growth ranks fourth in the nation and first in the South, since the 2000 census. Georgia's median household income was \$50,861, the 24<sup>th</sup> highest in the nation and 2.25 percent lower than the national average.

As we look to the future, the recession in Georgia has generally synchronized with the nation's economic performance. The economic downturn has continued into fiscal year 2010 and Georgia's revenue performance is likely to be weak in fiscal year 2010 as evidenced by a decline in year-to-date revenues of 15.2 percent through November 2009. Recent economic data suggest that Georgia's labor market is on a similar path as that of the nation. However, the weight of job losses, residential and commercial real estate markets and housing-related manufacturing could delay the recovery in Georgia. Personal income has grown slightly since fiscal year-end but is still down on a year over year basis.

## **AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009**

The American Recovery and Reinvestment Act of 2009 (ARRA) is an economic stimulus package enacted by the 111<sup>th</sup> United States Congress in February 2009. ARRA was intended to provide a stimulus to the U.S. economy in response to the economic downturn. ARRA includes federal tax cuts, expansion of unemployment benefits and other social welfare provisions, and domestic spending in education, healthcare, and infrastructure, including the energy sector. This initiative is much larger than the Economic Stimulus Act of 2008, which consisted primarily of tax rebate checks. Please see <http://www.recovery.gov/> for additional information.

One immediate goal of ARRA is to foster unprecedented levels of accountability and transparency in government spending. In response to this legislation, the Governor established an office of stimulus accountability to coordinate the state-level ARRA activities and initiatives. During fiscal year 2009, the State recognized \$725 million of ARRA funds, which are included in operating grants and contributions (i.e., program revenues). Please see <http://www.stimulusaccountability.ga.gov> for additional information on the use of ARRA funds in Georgia state-level government and related benefits to Georgia citizens.

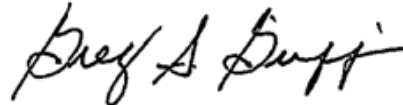
## **OPEN GEORGIA**

Open Georgia is the State's initiative to bring increased transparency and accountability to state government in Georgia, which was created when Senate Bill 300, Transparency in Government Act, was passed in 2008 by the Georgia General Assembly. The Open Georgia website contains a searchable database of spending data for State salaries, travel expenditures and professional fees. The site was recently expanded to include 2009 State spending data on vendors and contracts awarded across most State agencies. Please see [www.open.georgia.gov](http://www.open.georgia.gov) for additional information.

## CONCLUSION AND ACKNOWLEDGEMENTS

In conclusion, we believe this report provides information useful in evaluating the financial activity of the State of Georgia. We in the State Accounting Office express our appreciation to the fiscal officers and staff throughout State government, and to the staff of the Department of Audits and Accounts for their dedicated efforts in assisting us in the completion of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive, flowing style.

Greg S. Griffin  
State Accounting Officer



## JUDICIAL

Supreme Court  
Court of Appeals  
Superior Courts  
District Attorneys  
Judicial Agencies

## EXECUTIVE

### Constitutional Officers

Public Service Commission  
State School Superintendent  
Secretary of State  
Commissioner of Insurance  
Attorney General  
Commissioner of Agriculture  
Commissioner of Labor  
Lieutenant Governor

### Governor

Office of Planning and Budget  
Governor's Office

## LEGISLATIVE

General Assembly  
Senate  
House of Representatives

Legislative Agencies

Department of Audits and Accounts

State Accounting Office  
Technical College System of Georgia  
Department of Administrative Services  
Department of Revenue  
Department of Banking and Finance  
Department of Defense  
Department of Community Health  
Department of Public Safety  
Georgia Bureau of Investigation  
State Forestry Commission  
Department of Corrections  
State Board of Pardons and Paroles  
Department of Human Resources  
Department of Juvenile Justice  
Department of Natural Resources  
Department of Community Affairs

Department of Transportation  
Department of Driver Services  
Department of Economic Development  
Georgia Student Finance Commission  
University System of Georgia  
State Personnel Administration  
Department of Education  
Department of Early Care and Learning  
State Employees' Retirement System of Georgia  
State Department of Veterans Service  
State Board of Workers' Compensation  
Examining and Licensing Boards  
Advisory Boards  
Other Executive Agencies  
Interstate Agencies  
Authorities





# State of Georgia

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## Principal State Officials

June 30, 2009

### Executive:

Sonny Perdue .....	<i>Governor</i>
Karen C. Handel .....	<i>Secretary of State</i>
Thurbert E. Baker .....	<i>Attorney General</i>
Michael L. Thurmond .....	<i>Commissioner of Labor</i>
Kathy Cox .....	<i>State Superintendent of Schools</i>
John W. Oxendine .....	<i>Commissioner of Insurance</i>
Thomas T. Irvin .....	<i>Commissioner of Agriculture</i>
H. Doug Everett, Chairman .....	<i>Public Service Commissioner</i>
Robert “Bobby” Baker .....	<i>Public Service Commissioner</i>
Chuck Eaton .....	<i>Public Service Commissioner</i>
Lauren “Bubba” McDonald .....	<i>Public Service Commissioner</i>
Stan Wise .....	<i>Public Service Commissioner</i>

### Legislative:

Casey Cagle .....	<i>Lieutenant Governor/President of the Senate</i>
Glenn Richardson .....	<i>Speaker of the House of Representatives</i>

### Judicial:

Leah Ward Sears .....	<i>Chief Justice of the Supreme Court</i>
(Carol W. Hunstein effective July 1, 2009)	



# **ACKNOWLEDGEMENTS**

The Georgia Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2009 was prepared by:

## **STATE ACCOUNTING OFFICE**

Greg S. Griffin, State Accounting Officer  
Alan Skelton, Director, Statewide Accounting and Reporting

## **STATEWIDE ACCOUNTING AND REPORTING**

Harriman C. Clemons	Consuelo Ravelo
Bobbie R. Davis	Kristi Rayford
Zeina Diallo	Michael Rodgers
Eddy A. Hicks	Melesse Siratu
Sharon Hill	Ellen K. Tate
Kris Martins	Sandra Warr
Christina R. Palmer	Dina Williams

## **SPECIAL APPRECIATION**

The State Accounting Office would like to extend special appreciation to all fiscal and accounting personnel throughout the State who contributed the financial information for their agencies. Additionally, the State Accounting Office would like to thank the Department of Audits and Accounts for their diligence in completion of this report. Finally, the Division of Statewide Accounting and Reporting would like to acknowledge the efforts given by all of the functional and support personnel of the State Accounting Office.



# Financial Section

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# DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington St. S.W. Suite 1-156

Atlanta, Georgia 30334

**RUSSELL W. HINTON**

STATE AUDITOR

(404) 656-2174

## INDEPENDENT AUDITOR'S REPORT

The Honorable Sonny Perdue  
Governor of Georgia  
and  
Members of the General Assembly  
of the State of Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Georgia as of and for the year ended June 30, 2009, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain organizations. These organizations reflect the following percentages of total assets and revenues or additions of the indicated opinion units:

Opinion Unit	Percent of Opinion Unit's Total Assets	Percent of Opinion Unit's Total Revenues/Additions
Governmental Activities	11%	29%
Business-Type Activities	5%	17%
Aggregate Discretely Presented Component Units	93%	94%
Governmental Fund - General Fund	11%	20%
Governmental Fund - Georgia State Financing and Investment Commission	100%	100%
Proprietary Fund/Enterprise Fund -State Employees' Health Benefit Plan	100%	100%
Aggregate Remaining Fund Information	87%	52%

The financial statements of these organizations and component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely upon the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Georgia Lottery Corporation, Georgia College and State University Foundation, Georgia Southern University Housing Foundation, Inc., Georgia State University Foundation, Georgia Tech Athletic Association, Georgia Tech

Facilities, Inc., Georgia Tech Foundation, Inc., Kennesaw State University Foundation, Inc., Medical College of Georgia Foundation, Inc., Medical College of Georgia Health, Inc., Medical College of Georgia Physician's Practice Group Foundation, University of Georgia Athletic Association, Inc., University of Georgia Foundation, University System of Georgia Foundation, and the Valdosta State University Auxiliary Services Real Estate Foundation were audited in accordance with auditing standards generally accepted in the United States of America but were not audited in accordance *Government Auditing Standards* issued by the Comptroller General of the United States. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions. Georgia statutes, in addition to audit responsibilities, entrust other responsibilities to the Department of Audits and Accounts. Those responsibilities included service by the State Auditor on the governing boards of various agencies, authorities, commissions, and component units of the State of Georgia. The Department of Audits and Accounts elected to not provide audit services for the organizational units of the State of Georgia associated with these boards. The Department of Audits and Accounts has also elected to not provide audit services for the Department of Community Health (DCH) due to a contractual obligation with DCH to conduct certain non-audit services.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Georgia as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the general fund reflect accounts payable in the amount of \$ 900,921,373.00 which represents the State of Georgia's liability for teachers salaries earned before June 30, 2009, but not paid until July and August, 2009. State appropriations for the subsequent fiscal year were available for obligation even though the period to which the appropriation applied had not begun. The recognition of this liability at June 30, 2009, however, is not in accordance with generally accepted accounting principles as promulgated by Governmental Accounting Standards Board (GASB) Statement 33 because the subsequent fiscal year had not begun. We believe, however, the omission of this liability would cause the financial statements of the State of Georgia to be misleading.

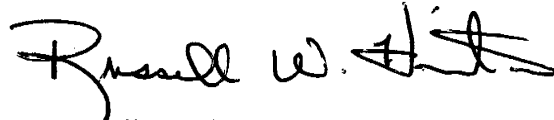
In accordance with *Government Auditing Standards*, we will issue our report dated December 31, 2009, on our consideration of the State of Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis on pages 7 through 20 and the required supplementary information on pages 105 through 111 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Georgia's basic financial statements. The Introductory Section, the Supplementary Information – Combining Statements, and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information - combining statements on pages 117 through 191 has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section on pages i through ix and the Statistical Section on pages 195 through 221 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russell W. Hinton", with a stylized flourish at the end.

Russell W. Hinton, CPA, CGFM  
State Auditor

December 31, 2009



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MANAGEMENT'S  
DISCUSSION AND ANALYSIS

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Management of the State of Georgia provides this *Management's Discussion and Analysis* of the State of Georgia's Comprehensive Annual Financial Report (CAFR) for readers of the State's financial statements. This narrative overview and analysis of the financial activities of the State of Georgia is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found in the Introductory Section of this report, and with the State's financial statements, which follow this narrative.

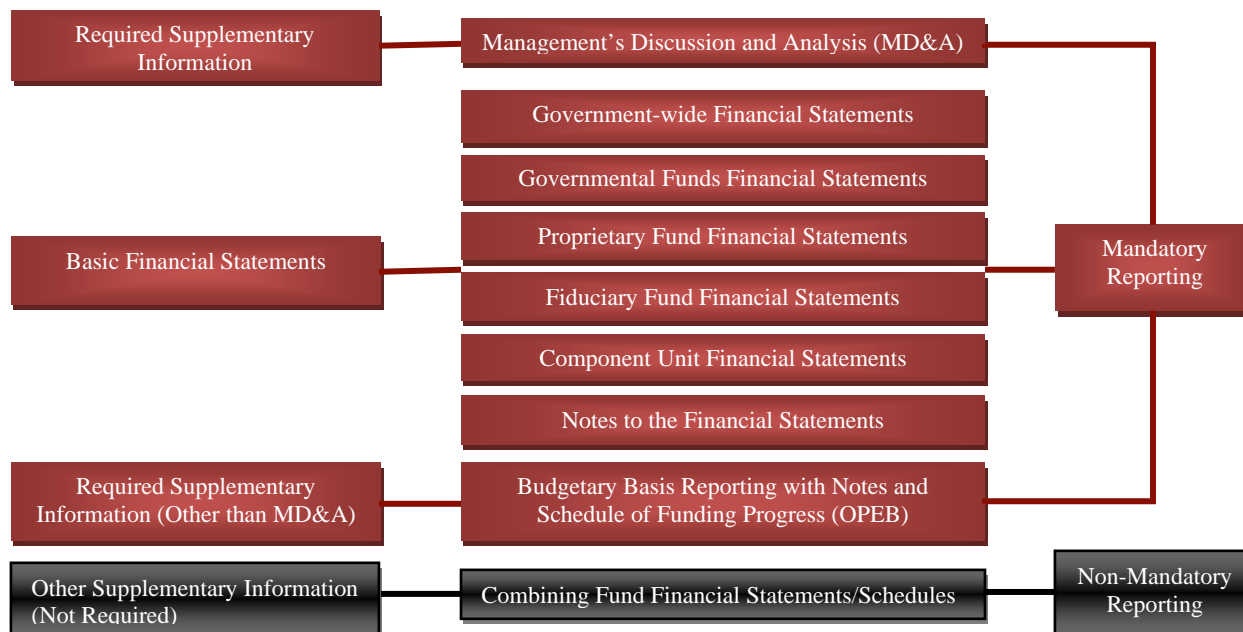
### FINANCIAL HIGHLIGHTS

- ✓ The assets of the State exceeded its liabilities at the close of the fiscal year by \$19.9 billion (reported as "net assets"). Of this amount, \$(622) million was reported as "unrestricted net assets." A positive balance in "unrestricted net assets" would represent the amount available to meet the State's ongoing obligations to citizens and creditors. **(Table 1)**
- ✓ The State's total net assets (including restatement of the prior year balance) decreased by \$2.2 billion. Net assets of governmental activities decreased \$1.1 billion or 7.7 percent due to unprecedented declines in tax revenues. Net assets of business-type activities decreased \$1.1 billion or 15.2 percent due to substantial operating losses in the Unemployment Compensation Fund (\$666.3 million) and the State Employees' Health Benefit Plan (\$439.4 million). **(Table 2)**
- ✓ During the fiscal year, the State's governmental activities had total revenues of \$31.9 billion which exceeded total expenses of \$30.4 billion (excluding transfers to business-type activities) by \$1.5 billion. Program revenues totaled \$16.5 billion, while General Revenues amounted to \$15.4 billion, primarily from various taxes.
- ✓ The State's General Fund reported a fund balance of \$3.0 billion at the close of the fiscal year, reflecting a decrease of \$1.3 billion from the prior year balance of \$4.3 billion. The balance was net of an unreserved fund deficit totaling \$492.5 million or 1.6 percent of total General Fund expenditures.
- ✓ The State reported a net book value investment in capital assets of \$27.5 billion. **(Table 3)**
- ✓ The State's long-term liabilities totaled \$14.3 billion at June 30, 2009. Of this amount, the State's total general obligation debt was \$8.6 billion which increased by \$713 million during the fiscal year representing the net difference in new issuances, payments and refunding of outstanding debt. The increase is primarily attributable to new issuances in the transportation sector. **(Table 4)**



### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State of Georgia's basic financial statements. The State's basic financial statements include the following components:



### Government-Wide Financial Statements: Reporting the State as a Whole

The government-wide financial statements are designed to provide readers with a broad overview of the State of Georgia's finances, in a manner similar to the private sector. These financial statements provide both short-term and long-term information about the State's financial status, which assists in assessing the State's financial condition at the end of the fiscal year. The statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting, and report financial information about the entire government except fiduciary activities whose resources are not available to finance the government's programs.

The government-wide financial statements include two statements:

- 1) The *Statement of Net Assets* presents all of the State's assets and liabilities, with the difference between the two reported as "net assets." Over time, increases and decreases in net assets may serve as a useful indicator of the State's financial position.
- 2) The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes, and earned but unused vacation leave). This statement also presents a comparison between direct expenses and related program revenues for each function of the State.

Both of the financial statements above report three activities:

- 1) **Governmental Activities** – Taxes and intergovernmental revenues principally fund the activities reported within this section. The majority of the State's basic services fall under this activity including general



government, education, health and welfare, transportation, public safety, economic development and assistance, culture and recreation, conservation, and interest on long-term debt.

- 2) ***Business-Type Activities*** – These activities normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The most significant business-type activities of the State include the operations of the Unemployment Compensation Fund (by the Georgia Department of Labor), the self-insured State Employees' Health Benefit Plan (by the Georgia Department of Community Health) and the programs of the Higher Education Fund (by the Board of Regents of the University System of Georgia and the Technical College System of Georgia).
- 3) ***Discretely Presented Component Units*** – Although these organizations are legally separate, the State is financially accountable for them. Financial information for these component units is reported on the government-wide statements separately from the financial information presented for the primary government. For the most part, these entities operate similar to private sector businesses and the business-type activities described above. The State's most significant discretely presented component units are Georgia Environmental Facilities Authority, Georgia Housing and Finance Authority, Georgia Lottery Corporation, and Georgia Tech Foundation, Incorporated.

The government-wide financial statements can be found immediately following this discussion and analysis.

### **Fund Financial Statements: Reporting the State's Most Significant Funds**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State of Georgia, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the State government (not on the State as a whole), reporting the State's operations in more detail than the government-wide statements. All of the funds of the State of Georgia can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. These fund categories use different accounting approaches and should be interpreted differently.

- 1) ***Governmental Funds*** – Most of the basic services provided by the State are financed through governmental funds. These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on short-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's short-term financing requirements. This approach is known as the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the State's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the State.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and the government-wide financial statements. These reconciliations are presented on the page immediately following each governmental fund financial statement.



The State of Georgia maintains ten individual governmental funds. The State's two major governmental funds are the General Fund and the Georgia State Financing and Investment Commission (GSFIC), which is a capital projects fund. Information for each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Data for the remaining eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found immediately following the government-wide financial statements.

- 2) **Proprietary Funds** – The State of Georgia maintains two different types of proprietary funds. When the State charges customers for the services it provides, whether to customers outside the State of Georgia reporting entity (*enterprise funds*) or to other organizations within the reporting entity (*internal service funds*), these services are reported in proprietary funds.

The State's three major enterprise funds are the Higher Education Fund, the State Employees' Health Benefit Plan and the Unemployment Compensation Fund. Financial information for the remaining nonmajor enterprise funds are combined into a single, aggregated presentation with individual fund data provided in the form of *combining statements* elsewhere in this report. The enterprise funds are the same as the business-type activities reported in the government-wide financial statements, but more detail is provided for each of these funds in the proprietary fund statements. Conversely, all seven internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report. Since the internal service funds benefit both the governmental functions and the business-type functions, they have been proportionately allocated within the governmental activities and the business-type activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

- 3) **Fiduciary Funds and Similar Component Units: The State as Trustee** – These funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the State's own programs; instead, the State is responsible for using the fiduciary assets for the fiduciary fund's intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

The State's fiduciary funds are the Pension and Other Employee Benefit Trust Funds (fourteen separate defined benefit retirement systems, two deferred compensation/defined contribution pension plans, three other postemployment benefit plans and one other employee benefit plan), the Investment Trust Funds (which account for the transactions, assets, liabilities and fund equity of external investment pools), Private-Purpose Trust Funds (which account for assets held by the government in a trustee capacity), and Agency Funds (which account for the assets held for distribution by the State as an agent for other governmental units, other organizations or individuals). Individual fund data for the fiduciary funds and similar component units can be found in the *combining statements* elsewhere in this report.

The basic fiduciary fund financial statements can be found immediately following the proprietary fund financial statements.





### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fiduciary funds and similar component units' financial statements.

### **Required Supplementary Information**

In addition to this Management's Discussion and Analysis, which is required supplementary information, the basic financial statements are followed by a section of other required supplementary information. This section includes: 1) a budgetary comparison schedule and accompanying reconciliation to the governmental fund financial statements and 2) other postemployment benefit plan funding information.

### **Supplementary Information – Combining and Individual Fund Statements**

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, fiduciary funds and nonmajor component units are presented following the required supplementary information. The total columns of these combining financial statements carry forward to the applicable fund financial statements.



### GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The State of Georgia's combined assets (governmental and business-type activities) exceeded liabilities by \$19.9 billion at the end of fiscal year 2009.

**Table 1**  
**Net Assets as of June 30, 2009 and 2008**  
**(dollars in thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	\$ 9,748,475	\$ 10,393,517	\$ 2,542,241	\$ 3,651,064	\$ 12,290,716	\$ 14,044,581
Net Capital Assets	20,040,216	18,995,098	7,423,128	6,602,133	27,463,344	25,597,231
<b>Total Assets</b>	<b>29,788,691</b>	<b>29,388,615</b>	<b>9,965,369</b>	<b>10,253,197</b>	<b>39,754,060</b>	<b>39,641,812</b>
Non-current Liabilities	11,289,439	9,992,822	3,010,329	2,182,580	14,299,768	12,175,402
Current Liabilities	4,647,601	4,390,972	906,665	919,849	5,554,266	5,310,821
<b>Total Liabilities</b>	<b>15,937,040</b>	<b>14,383,794</b>	<b>3,916,994</b>	<b>3,102,429</b>	<b>19,854,034</b>	<b>17,486,223</b>
Net Assets						
Invested in Capital Assets, Net of Related Debt	12,066,578	11,979,690	5,178,579	4,801,548	17,245,157	16,781,238
Restricted	2,254,051	1,641,507	1,022,564	1,745,185	3,276,615	3,386,692
Unrestricted	(468,978)	1,383,624	(152,768)	604,035	(621,746)	1,987,659
<b>Total Net Assets</b>	<b>\$ 13,851,651</b>	<b>\$ 15,004,821</b>	<b>\$ 6,048,375</b>	<b>\$ 7,150,768</b>	<b>\$ 19,900,026</b>	<b>\$ 22,155,589</b>

The largest component of the State's total net assets, \$17.2 billion or 86.7 percent, represents its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt. More specifically, infrastructure assets comprise 37 percent of total capital assets, net of accumulated depreciation. The State uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, another 16.5 percent of the State's net assets represent resources that are subject to external restrictions on how they may be used.

The unrestricted net assets which, if positive, could be used at the State's discretion to meet ongoing obligations to citizens and creditors, reflected a negative balance of \$621.7 million. Accordingly, based on this measurement and focus, no funds are available for discretionary purposes. One contributing factor to this deficit is the recognition of long-term liabilities in the government-wide financial statements for items such as general obligation bonds, future benefits and loss estimates and compensated absences. In addition, the deficit amount in the General Fund's unreserved balance (as discussed further below) contributed to the deficit balance reflected in unrestricted net assets in the statement of net assets.



### Changes in Net Assets

The revenues and expenses information, shown in Table 2 below, was derived from the government-wide Statement of Activities and reflects how the State's net assets changed during the fiscal year. The State of Georgia earned program revenues of \$24 billion and general revenues of \$15.5 billion, totaling \$39.5 billion during fiscal year 2009. Expenses for the State during fiscal year 2009 were \$41.8 billion.

The State's net assets (including restatement of the prior year balance) decreased by \$2.2 billion during the current fiscal year. The economic information presented later in this discussion and analysis provides insight into the conditions of the State that have caused this to occur.

**Table 2**  
**Changes in Net Assets for the Years Ended June 30, 2009 and 2008**  
**(dollars in thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 2,480,313	\$ 2,480,680	\$ 2,130,953	\$ 1,855,474	\$ 4,611,266	\$ 4,336,154
Operating Grants and Contributions	12,714,639	11,886,083	5,376,243	4,509,566	18,090,882	16,395,649
Capital Grants and Contributions	1,286,969	1,426,839	45,385	111,055	1,332,354	1,537,894
General Revenues:						
Taxes	15,246,400	17,289,992	-	-	15,246,400	17,289,992
Unrestricted Investment Income	63,074	264,448	76,060	134,436	139,134	398,884
Unclaimed Property	35,356	58,857	-	-	35,356	58,857
Other	112,681	247,322	-	-	112,681	247,322
<b>Total Revenues</b>	<b>31,939,432</b>	<b>33,654,221</b>	<b>7,628,641</b>	<b>6,610,531</b>	<b>39,568,073</b>	<b>40,264,752</b>
<b>Expenses:</b>						
General Government	1,904,893	1,896,438	-	-	1,904,893	1,896,438
Education	10,085,766	10,812,665	-	-	10,085,766	10,812,665
Health and Welfare	13,118,680	12,256,789	-	-	13,118,680	12,256,789
Transportation	1,786,808	3,056,226	-	-	1,786,808	3,056,226
Public Safety	1,972,187	2,130,454	-	-	1,972,187	2,130,454
Economic Development and Assistance	735,415	504,897	-	-	735,415	504,897
Culture and Recreation	273,401	251,055	-	-	273,401	251,055
Conservation	69,726	69,836	-	-	69,726	69,836
Interest and Other Charges on Long-Term Debt	466,077	405,255	-	-	466,077	405,255
Higher Education Fund	-	-	6,728,721	6,242,687	6,728,721	6,242,687
State Employees' Health Benefit Fund	-	-	2,211,087	2,043,604	2,211,087	2,043,604
Unemployment Compensation	-	-	2,435,344	774,030	2,435,344	774,030
State Road and Tollway Authority	-	-	17,835	15,110	17,835	15,110
<b>Total Expenses</b>	<b>30,412,953</b>	<b>31,383,615</b>	<b>11,392,987</b>	<b>9,075,431</b>	<b>41,805,940</b>	<b>40,459,046</b>
Increase (Decrease) in Net Assets Before Transfers	1,526,479	2,270,606	(3,764,346)	(2,464,900)	(2,237,867)	(194,294)
Transfers	(2,679,135)	(2,670,418)	2,679,135	2,670,418	-	-
<b>Change in Net Assets</b>	<b>(1,152,656)</b>	<b>(399,812)</b>	<b>(1,085,211)</b>	<b>205,518</b>	<b>(2,237,867)</b>	<b>(194,294)</b>
<b>Net Assets, July 1 - Restated</b>	<b>15,004,307</b>	<b>15,404,633</b>	<b>7,133,586</b>	<b>6,945,250</b>	<b>22,137,893</b>	<b>22,349,883</b>
<b>Net Assets, June 30</b>	<b>\$ 13,851,651</b>	<b>\$ 15,004,821</b>	<b>\$ 6,048,375</b>	<b>\$ 7,150,768</b>	<b>\$ 19,900,026</b>	<b>\$ 22,155,589</b>



### Governmental Activities

Governmental activities decreased the State's net assets (including restatement of the prior year balance) by \$1.1 billion. The decrease in the net assets of governmental funds resulted primarily from governmental fund revenue estimates exceeding actual tax collections driven by the economic downturn.

Program and general revenues from governmental activities decreased \$1.7 billion during the fiscal year. The largest contributing factor to the overall decrease was a decline in tax revenues of \$2.0 billion. During this same period, operating grants and contributions increased by \$828.6 million or approximately 7 percent, primarily from the enactment of the federal American Recovery and Reinvestment Act (ARRA) of 2009.

Governmental revenues accounted for approximately 80.7 percent of total revenue. Approximately 47.7 percent of governmental revenue came from taxes and 43.8 percent resulted from grants and contributions. Charges for various goods and services provided 7.8 percent of the revenues.

The State's governmental expenses (including transfers) decreased \$961.9 million during the fiscal year. Transportation expenditures decreased \$1.3 billion. Education expenditures decreased about \$726.9 million. Health and welfare expenditures increased \$861.9 million reflecting increased spending in the medical assistance program attributable to ARRA.

The largest expenditure outlays were for education (38.6 percent), including transfers to higher education (8.1 percent), and health and welfare (39.6 percent) which, combined, accounted for 78.2 percent of total governmental activity expenses and transfers. In fiscal year 2009, governmental activity expenses and transfers were funded from program and general revenues (the majority of which were taxes) totaling \$16.5 billion and \$15.5 billion, respectively.

### Business-Type Activities

The net assets (including restatement of the prior year balance) of the State's business-type activities decreased by \$1.1 billion during the fiscal year. Program revenues from business-type activities increased by approximately \$1 billion, primarily attributable to an increase in federal aid in the Unemployment Compensation Fund. During the same period, program expenses from business-type activities increased \$2.3 billion. The largest increase in program expenses, \$1.7 billion, resulted from increased benefit expenses for the Unemployment Compensation Fund. In addition, expenses from the Higher Education Fund increased by \$486 million.

Revenues from business-type activities totaled \$10.3 billion for the fiscal year. Grants and contributions, net transfers from governmental activities, and charges for services accounted for 52.6 percent, 26.0 percent and 20.7 percent, respectively, of total revenues and transfers. Higher Education (59.1 percent), Unemployment Compensation Fund (21.4 percent) and State Employees' Health Benefit Plan (19.4 percent) accounted for substantially all expenses.



### FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2009, the State of Georgia's governmental funds reported combined ending fund balances of \$5.0 billion, a decrease of \$847.7 million in comparison with the prior fiscal year (after restatement of the prior year balance). Approximately 71 percent of this total amount (\$3.5 billion) constitutes *reserved fund balance*, and \$1.5 billion in the Capital Projects Fund is designated to fund capital acquisitions.

The General Fund is the chief operating fund of the State. The impact of the economic downturn and the receipt of ARRA funds significantly impacted the reported amounts in the General Fund. At the end of the current fiscal year, the General Fund reported a total fund balance of \$3.0 billion.

At June 30, 2009, the General Fund reflected a deficit of \$492.5 million in its unreserved fund balance. This compares to a General Fund unreserved fund balance of \$0 at June 30, 2008. A deficit in the unreserved fund balance reflects the excess of liabilities of the General Fund over its assets and reserved fund balances. Reserved fund balances represent amounts that are restricted for specific purposes. The reservations include commitments to liquidate purchase orders and contracts (\$867 million), to provide and maintain an adequate system of public roads and bridges in the State (\$1 billion), to administer education programs funded by the State's lottery (\$1 billion), and for a variety of other restricted purposes.

The net change in fund balance during the fiscal year was \$(1.3) billion compared to \$(1.2) billion in the previous fiscal year. The economic downturn continued to impact activities during the current fiscal year, resulting in revenue estimates used in the budget exceeding collections by \$681 million. Total expenditures decreased by 1.4% which contributed to the net change in fund balance for the General Fund. By the end of the year, fund balance for the General Fund had decreased 30.0 percent from the prior year restated amount, in contrast to a 22.2 percent decrease in Fiscal Year 2008.

The Capital Projects Fund, in total, had a fund balance of \$1.5 billion, all of which is designated for future capital outlay. The major capital projects fund is the Georgia State Financing and Investment Commission. The total net increase in fund balance during the current year in the capital projects fund (\$301 million) resulted from expenditures and transfers for capital construction costs not exceeding proceeds from bonds issued during the fiscal year.

#### Proprietary Funds

The State's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.



### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

The State of Georgia's investment in capital assets for its governmental and business-type activities as of June 30, 2009, was \$43.4 billion, less accumulated depreciation of \$15.9 billion (net book value of \$27.5 billion). This represents an increase in State capital assets of \$1.9 billion, or 7.3 percent from the prior fiscal year. Depreciation expense totaled \$1.0 billion and \$359.3 million for governmental and business-type activities, respectively, during the current fiscal year.

**Table 3**  
**Capital Assets, Net of Accumulated Depreciation as of June 30, 2009 and 2008**  
**(dollars in thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Land	\$ 2,749,969	\$ 2,570,400	\$ 277,581	\$ 245,556	\$ 3,027,550	\$ 2,815,956
Buildings/Building Improvements	1,892,080	1,853,913	4,762,378	4,304,792	6,654,458	6,158,705
Improvements Not Buildings	36,676	38,163	190,100	168,080	226,776	206,243
Machinery and Equipment	235,056	266,266	1,589,275	1,197,894	1,824,331	1,464,160
Software	57,544	66,747	587	755	58,131	67,502
Library Collections	-	-	175,938	172,151	175,938	172,151
Works of Art and Collections	1,781	1,801	40,493	34,599	42,274	36,400
Infrastructure	10,004,116	9,590,669	166,841	163,151	10,170,957	9,753,820
Construction in Progress	5,062,994	4,607,139	219,935	315,155	5,282,929	4,922,294
<b>Total</b>	<b>\$ 20,040,216</b>	<b>\$ 18,995,098</b>	<b>\$ 7,423,128</b>	<b>\$ 6,602,133</b>	<b>\$ 27,463,344</b>	<b>\$ 25,597,231</b>

The significant asset additions made during the fiscal year included land acquired for road construction/right of way (\$157 million), expenditures for infrastructure/roads/bridges (\$1.3 billion) and acquisitions of facilities and equipment for institutions of higher education (\$1.1 billion). Transportation construction was a contributing factor to the majority of the increase in construction in progress during the fiscal year.

Additional information about the State's capital assets can be found in Note 6 of the notes to the financial statements.



### Debt Administration

At the end of the current fiscal year, the State had total bonded debt outstanding of \$11 billion, as shown in Table 4 below. Substantially all of this amount is backed by the full faith and credit of the government (*general obligation debt*). The remaining debt represents guaranteed revenue bonds (\$1.5 billion) which are to be repaid from specified revenue sources, but the full payment of which is guaranteed by the State in accordance with the State's Constitution, and revenue bonds (\$641.5 million) secured solely by specified revenue sources.

Moody's Investors Service, Fitch Investors Service, L.P., and Standard and Poor's Corporation rated the State's most current general obligation bonds Aaa, AAA and AAA, respectively. Under the State's Constitution the highest aggregate annual debt service requirement (general obligation and guaranteed revenue debt) may not exceed 10 percent of the previous fiscal year's revenue collections.

**Table 4**  
**Outstanding Bond Debt as of June 30, 2009 and 2008**  
**(dollars in thousands)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	\$ 8,725,198	\$ 7,927,420	\$ -	\$ -	\$ 8,725,198	\$ 7,927,420
GARVEE Revenue Bonds	1,631,371	567,184	-	-	1,631,371	567,184
Revenue Bonds	537,864	1,050,749	121,736	31,628	659,600	1,082,377
<b>Totals</b>	<b>\$ 10,894,433</b>	<b>\$ 9,545,353</b>	<b>\$ 121,736</b>	<b>\$ 31,628</b>	<b>\$ 11,016,169</b>	<b>\$ 9,576,981</b>

During the current fiscal year, \$1.6 billion in general obligation bonds were issued to provide for the acquisition or improvement of land, water, highway, buildings, equipment and facilities, and for early refunding of outstanding debt. In addition, the State issued Federal Highway Grant Anticipation Revenue Bonds in the amount of \$480 million, Federal Highway Reimbursement Revenue Bonds totaling \$120 million, and Higher Education Facilities Revenue Bonds in the amount of \$100 million.

Additional information on the State of Georgia's long-term debt activity can be found in Note 11 of the notes to the financial statements.



### BUDGETARY HIGHLIGHTS

The final amended budget of \$17.4 billion differed significantly from the original budget (a decrease of \$2.7 billion impacting appropriations), resulting primarily from the national recession. Actual Net Revenue Collections deposited with the Office of Treasury and Fiscal Services were \$16.8 billion compared with \$18.7 billion in the previous year. This collection total was less than the revenue estimate used in the amended appropriation act and was primarily the result of the economic recession discussed in the economic factors section of this MD&A. The resulting deficiency of actual net revenue collections to the final amended appropriation act totaling \$681 million was primarily offset by a reduction in allotments to budget units in the amount of \$325 million.

Also impacting appropriation activity during fiscal year 2009 was receipt of ARRA funds totaling \$802 million on a statutory basis of accounting. Of this amount, \$497 million, \$190 million and \$59 million were attributable to Medicaid, State Fiscal Stabilization Fund (SFSF) and transportation grants, respectively. The Medicaid funds provided for increased Medicaid reimbursement percentages authorized under ARRA. The SFSF funds were used primarily to stabilize budgets of local educational agencies and institutions in the Higher Education Fund, with the remainder going to other general government programs in the Public Safety sector.

Each year, the difference between funds available and expenditures is added to or subtracted from the budgetary Revenue Shortfall Reserve (RSR). The reserve cannot exceed 10 percent of the previous fiscal year net budgetary revenue for any given fiscal year, and up to 1 percent of the preceding fiscal year's budgetary net revenue collections may be appropriated from the reserve to fund increased K-12 educational needs. The Governor may release RSR funds in excess of 4 percent of net revenue collections for appropriation.

At June 30, 2009, the State's Revenue Shortfall Reserve declined to \$271 million, compared to a balance of \$753 million at the end of 2008 (balances reported are net of amounts released by the Governor for appropriation). The decrease reflects a deficiency in net current year receipts to expenditures of \$295 million and the release from the June 30, 2008 reserve of \$187 million for increased K-12 funding needs. At the current level, the RSR is not sufficient to provide for additional appropriations in fiscal year 2010. However, the balance remaining following any appropriation of funds for the 2010 mid-year K-12 adjustment (up to \$167 million) will be available to meet any unanticipated budget shortfall at the end of fiscal year 2010.

A budgetary comparison schedule and accompanying reconciliation to the governmental fund financial statements can be found following the notes to the financial statements.





### ECONOMIC FACTORS

The national and local economies entered into a severe recession during the State's 2009 fiscal year. The National Bureau of Economic Research dated the start of the national recession in December 2007. The recession was relatively mild, however, through the fall of 2008. Financial markets froze following the bankruptcy of Lehman Brothers, a major financial institution in September 2008. This precipitated a sharp contraction in economies worldwide.

The downturn has had a severe impact on Georgia's economy. Total General Fund revenues in fiscal year 2009 fell by 10.5 percent from fiscal year 2008 and the downturn has continued into fiscal year 2010. Through November 2009, tax revenues, as reported by the Georgia Department of Revenue are down 15.4 percent year to date for fiscal year 2010.

Other measures of economic activity in Georgia also indicate that the recession has had a significant impact. The U.S. Bureau of Labor Statistics reported that Georgia's unemployment rate in October 2009 was 10.2 percent with 482,703 workers unemployed and seeking work. This rate is equal to the U.S. unemployment rate. The Georgia unemployment rate peaked at 10.3 percent in July 2009; this is the highest rate of unemployment reported for the State.

Non-farm employment in Georgia has also fallen. The U.S. Bureau of Labor Statistics reported that Georgia's non-farm employment totaled 3,839,800 in October 2009. This is a loss of about 228,000 jobs from October 2008, a decrease of 5.6 percent.

Personal income is another important economic indicator for states. For Georgia, personal income fell by 3.4 percent in the second quarter of 2009 compared to the second quarter of 2008. For the U.S., personal income fell by 2.6 percent over the same period.

### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State of Georgia's finances for all of Georgia's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the State's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: State Accounting Office, 200 Piedmont Avenue, Suite 1604 West Tower, Atlanta, Georgia 30334-9010.



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# BASIC FINANCIAL STATEMENTS

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# State of Georgia

## Statement of Net Assets

June 30, 2009

(dollars in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and Cash Equivalents	\$ 2,580,887	\$ 1,376,351	\$ 3,957,238	\$ 933,135
Investments	3,514,882	535,508	4,050,390	2,517,182
Receivables (Net)	3,274,668	638,268	3,912,936	3,668,480
Internal Balances	209,407	(209,407)	-	-
Inventories	52,006	36,718	88,724	19,307
Prepaid Items	53,121	76,676	129,797	23,223
Other Assets	43,777	18,458	62,235	176,084
Restricted Assets				
Cash and Cash Equivalents	10,713	10,409	21,122	329,193
Investments	9,014	59,260	68,274	482,106
Receivables (Net)	-	-	-	617,028
Capital Assets				
Nondepreciable	7,814,289	537,005	8,351,294	684,102
Depreciable (Net of Accumulated Depreciation)	12,225,927	6,886,123	19,112,050	1,522,079
Total Assets	29,788,691	9,965,369	39,754,060	10,971,919
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	2,854,681	222,325	3,077,006	427,760
Due to Primary Government	-	-	-	155,400
Due to Component Units	122	1,853	1,975	-
Benefits Payable	696,125	263,797	959,922	-
Accrued Interest Payable	151,445	833	152,278	3,635
Contracts Payable	139,830	15,907	155,737	10,725
Funds Held for Others	136,074	64,665	200,739	1,166
Unearned Revenue	151,287	337,285	488,572	495,784
Claims and Judgments Payable	518,037	-	518,037	4,042
Noncurrent Liabilities:				
Due within one year	921,752	176,724	1,098,476	396,063
Due in more than one year	10,367,687	2,833,605	13,201,292	3,696,874
Total Liabilities	15,937,040	3,916,994	19,854,034	5,191,449
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	12,066,578	5,178,579	17,245,157	1,141,892
Restricted for:				
Bond Covenants/Debt Service	-	-	-	214,174
Construction	-	-	-	10,769
Guaranteed Revenue Debt Common Reserve Fund	71,300	-	71,300	-
Loan and Grant Programs	-	-	-	41,812
Lottery for Education	1,001,506	-	1,001,506	-
Motor Fuel Tax Funds	1,004,341	-	1,004,341	-
Permanent Trusts:				
Nonexpendable	14	123,608	123,622	889,312
Expendable	-	225,704	225,704	769,155
Unemployment Compensation Benefits	-	659,290	659,290	-
Other Purposes	176,890	13,962	190,852	392
Unrestricted	(468,978)	(152,768)	(621,746)	2,712,964
Total Net Assets	\$ 13,851,651	\$ 6,048,375	\$ 19,900,026	\$ 5,780,470

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Activities

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

Functions/Programs	Expenses	Program Revenues		
		Sales and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General Government	\$ 1,904,893	\$ 1,654,486	\$ 215,799	\$ 130,975
Education	10,085,766	5,622	1,807,936	-
Health and Welfare	13,118,680	367,829	9,796,467	3,477
Transportation	1,786,808	32,609	87,902	1,150,036
Public Safety	1,972,187	232,579	159,504	2,277
Economic Development and Assistance	735,415	55,617	552,325	73
Culture and Recreation	273,401	127,959	74,748	34
Conservation	69,726	3,612	19,951	97
Interest and Other Charges on Long-Term Debt	466,077	-	7	-
Total Governmental Activities	30,412,953	2,480,313	12,714,639	1,286,969
<b>Business-Type Activities:</b>				
Higher Education Fund	6,728,721	2,103,284	1,890,532	45,385
State Employees' Health Benefit Plan	2,211,087	-	1,757,706	-
Unemployment Compensation Fund	2,435,344	-	1,728,005	-
Nonmajor Enterprise	17,835	27,669	-	-
Total Business-Type Activities	11,392,987	2,130,953	5,376,243	45,385
Total Primary Government	\$ 41,805,940	\$ 4,611,266	\$ 18,090,882	\$ 1,332,354
<b>Component Units</b>				
Georgia Environmental Facilities Authority	\$ 52,824	\$ 51,044	\$ 43,947	\$ 95,114
Georgia Housing and Finance Authority	114,919	48,802	62,856	-
Georgia Lottery Corporation	3,401,747	3,399,894	-	-
Georgia Tech Foundation, Incorporated	110,596	17,130	36,065	-
Nonmajor Component Units	2,035,911	1,179,085	740,549	25,747
Total Component Units	\$ 5,715,997	\$ 4,695,955	\$ 883,417	\$ 120,861
<b>General Revenues:</b>				
Taxes				
Personal Income Taxes				
General Sales Taxes				
Other Taxes				
Unrestricted Investment Income				
Unclaimed Property				
Other				
Payments from the State of Georgia				
Contributions to Permanent Endowments				
Transfers				
Total General Revenues, Contributions to Permanent Endowments and Transfers				
Change in Net Assets				
Net Assets - Beginning - Restated (Note 3)				
Net Assets - Ending				

The notes to the financial statements are an integral part of this statement.

**Net (Expense) Revenue and  
Changes in Net Assets**

<b>Primary Government</b>			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ 96,367	\$ -	\$ 96,367	\$ -
(8,272,208)	-	(8,272,208)	-
(2,950,907)	-	(2,950,907)	-
(516,261)	-	(516,261)	-
(1,577,827)	-	(1,577,827)	-
(127,400)	-	(127,400)	-
(70,660)	-	(70,660)	-
(46,066)	-	(46,066)	-
(466,070)	-	(466,070)	-
(13,931,032)	-	(13,931,032)	-
-	(2,689,520)	(2,689,520)	-
-	(453,381)	(453,381)	-
-	(707,339)	(707,339)	-
-	9,834	9,834	-
-	(3,840,406)	(3,840,406)	-
(13,931,032)	(3,840,406)	(17,771,438)	-
-	-	-	137,281
-	-	-	(3,261)
-	-	-	(1,853)
-	-	-	(57,401)
-	-	-	(90,530)
-	-	-	(15,764)
7,894,435	-	7,894,435	-
4,966,427	-	4,966,427	-
2,385,538	-	2,385,538	26,833
63,074	76,060	139,134	(442,149)
35,356	-	35,356	-
112,681	-	112,681	22,075
-	-	-	58,558
-	-	-	21,849
(2,679,135)	2,679,135	-	-
12,778,376	2,755,195	15,533,571	(312,834)
(1,152,656)	(1,085,211)	(2,237,867)	(328,598)
15,004,307	7,133,586	22,137,893	6,109,068
\$ 13,851,651	\$ 6,048,375	\$ 19,900,026	\$ 5,780,470

# State of Georgia

## Balance Sheet

### Governmental Funds

June 30, 2009

(dollars in thousands)

	General Fund	Georgia State Financing and Investment Commission	Nonmajor Funds	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,835,018	\$ 434,702	\$ 225,011	\$ 2,494,731
Investments	1,848,226	1,281,727	191,968	3,321,921
Receivables, Net	3,227,957	-	1,155	3,229,112
Due from Other Funds	1,336	-	2	1,338
Inventories	40,051	-	-	40,051
Restricted Assets				
Cash and Cash Equivalents	-	-	10,713	10,713
Investments	-	-	9,014	9,014
Other Assets	72,763	-	58	72,821
Total Assets	<u>\$ 7,025,351</u>	<u>\$ 1,716,429</u>	<u>\$ 437,921</u>	<u>\$ 9,179,701</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable and Other Accruals	\$ 2,247,518	\$ 133,118	\$ 229	\$ 2,380,865
Due to Other Funds	277,639	-	616	278,255
Due to Component Units	122	-	-	122
Benefits Payable	696,125	-	-	696,125
Contracts Payable	116,912	22,918	-	139,830
Undistributed Local Government Sales Tax	176,500	-	-	176,500
Funds Held for Others	134,846	-	-	134,846
Deferred Revenue	151,236	-	-	151,236
Other Liabilities	196,020	64,374	224	260,618
Total Liabilities	<u>3,996,918</u>	<u>220,410</u>	<u>1,069</u>	<u>4,218,397</u>
Fund Balances:				
Reserved	3,520,953	-	14	3,520,967
Unreserved/Designated	-	1,496,019	-	1,496,019
Unreserved, Undesignated, Reported in				
General Fund	(492,520)	-	-	(492,520)
Special Revenue Funds	-	-	436,838	436,838
Total Fund Balances	<u>3,028,433</u>	<u>1,496,019</u>	<u>436,852</u>	<u>4,961,304</u>
Total Liabilities and Fund Balances	<u>\$ 7,025,351</u>	<u>\$ 1,716,429</u>	<u>\$ 437,921</u>	<u>\$ 9,179,701</u>

The notes to the financial statements are an integral part of this statement.



# State of Georgia

## Reconciliation of the Balance Sheet - Governmental Funds To the Statement of Net Assets June 30, 2009 (dollars in thousands)

**Total Fund Balances - Governmental Funds** \$ 4,961,304

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 2,728,479	
Buildings and Building Improvements	2,644,973	
Improvements Other Than Buildings	74,497	
Equipment	774,082	
Infrastructure	20,378,740	
Construction in Progress	5,062,993	
Works of Art	706	
Software	130,955	
Accumulated Depreciation	<u>(12,058,639)</u>	19,736,786

Bond issuance costs are reported as expenditures in the funds. However, issuance costs are deferred and amortized over the life of the bonds and are included in governmental activities in the Statement of Net Assets.

25,693

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.

561,405

Certain long-term liabilities and related accrued interest are not due and payable in the current period and, therefore, are not reported in the funds.

General Obligation Bonds	(8,552,130)	
Premiums	(274,666)	
Deferred Amount on Refunding	101,598	
Accrued Interest Payable	(137,632)	
Revenue Bonds	(2,046,270)	
Premiums	(122,965)	
Accrued Interest Payable	(13,813)	
Capital Leases	(3,266)	
Compensated Absences	(331,530)	
Long-Term Notes	(27,698)	
Arbitrage Rebate	<u>(25,165)</u>	<u>(11,433,537)</u>

**Total Net Assets - Governmental Activities** \$ 13,851,651

The notes to the financial statements are in integral part of this statement.

# State of Georgia

## Statement of Revenues, Expenditures, and Changes in Fund Balances

### Governmental Funds

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

	General Fund	Georgia State Financing and Investment Commission	Nonmajor Funds	Total
<b>Revenues:</b>				
Taxes	\$ 15,246,400	\$ -	\$ -	\$ 15,246,400
Licenses and Permits	667,363	-	-	667,363
Intergovernmental - Federal	13,417,524	-	-	13,417,524
Intergovernmental - Other	354,379	-	6,152	360,531
Sales and Services	392,013	-	84	392,097
Fines and Forfeits	335,485	-	-	335,485
Interest and Other Investment Income	51,627	82,227	4,223	138,077
Unclaimed Property	35,356	-	-	35,356
Lottery Proceeds	872,136	-	-	872,136
Nursing Home Provider Fees	122,623	-	-	122,623
Other	155,733	-	2,008	157,741
Total Revenues	31,650,639	82,227	12,467	31,745,333
<b>Expenditures:</b>				
Current:				
General Government	1,247,023	3,386	-	1,250,409
Education	10,083,962	-	1	10,083,963
Health and Welfare	13,097,393	-	-	13,097,393
Transportation	2,716,368	-	8,876	2,725,244
Public Safety	1,976,831	-	-	1,976,831
Economic Development and Assistance	717,693	-	1,165	718,858
Culture and Recreation	306,434	-	-	306,434
Conservation	65,007	-	-	65,007
Capital Outlay	21	560,208	-	560,229
Debt Service				
Principal	-	-	801,565	801,565
Interest	-	-	469,281	469,281
Accrued Interest on Bonds Retired in Advance	-	-	619	619
Discount on Bonds Retired in Advance	-	-	2,907	2,907
Other Debt Service Expenditures	-	5,211	27,322	32,533
Intergovernmental	-	377,607	-	377,607
Total Expenditures	30,210,732	946,412	1,311,736	32,468,880
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,439,907	(864,185)	(1,299,269)	(723,547)
<b>Other Financing Sources (Uses):</b>				
Debt Issuance - General Obligation Bonds	-	1,445,645	-	1,445,645
Debt Issuance - Refunding Bonds	-	-	149,730	149,730
Debt Issuance - Revenue Bonds	-	-	600,000	600,000
Debt Issuance - General Obligation Bonds - Premium	-	84,867	-	84,867
Debt Issuance - Refunding Bonds - Premium	-	-	21,730	21,730
Debt Issuance - Revenue Bonds - Premium	-	-	57,683	57,683
Debt Issuance - Revenue Bonds - Accrued Interest	-	-	538	538
Payment to Refunded Bond Escrow Agent	-	-	(171,307)	(171,307)
Capital Leases	2,259	-	-	2,259
Transfers In	819,194	4,679	1,327,158	2,151,031
Transfers Out	(3,560,219)	(370,193)	(535,916)	(4,466,328)
Net Other Financing Sources (Uses)	(2,738,766)	1,164,998	1,449,616	(124,152)
Net Change in Fund Balances	(1,298,859)	300,813	150,347	(847,699)
Fund Balances, July 1 (Restated - Note 3)	4,327,292	1,195,206	286,505	5,809,003
Fund Balances, June 30	\$ 3,028,433	\$ 1,496,019	\$ 436,852	\$ 4,961,304

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2009 (dollars in thousands)

<b>Net Change in Fund Balances - Governmental Funds</b>		<b>\$ (847,699)</b>
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay (net of losses), net of transfers to Business-Type Activities, Component Units and outside organizations.	\$ 1,931,520	
Depreciation expense	(893,528)	1,037,992
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		21,067
Bond proceeds (net of issuance costs and payments to refunding escrow) provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets.		(2,047,265)
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability.		(2,259)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Assets. Payments were made on the following long-term liabilities:		
General Obligation Bonds	734,710	
Revenue Bonds	92,980	
Notes	5,122	
Capital Leases	1,554	834,366
Internal service funds are used by management to charge the costs of certain activities to individual funds. The incorporation of the external activities of these funds, and the elimination of profit/loss generated by primary government customers results in net revenue (expense) for Governmental Activities.		(50,709)
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment combines the net changes in the following balances:		
Compensated Absences	12,297	
Accrued Interest on Bonds Payable	(14,476)	
Arbitrage Rebate	31,432	
Amortization of Deferred Amount on Refunding	5,829	
Amortization of Bond Premiums	(135,335)	
Allocation of Deferred Bond Issuance Costs	2,104	(98,149)
<b>Change in Net Assets - Governmental Activities</b>		<b>\$ (1,152,656)</b>

The notes to the financial statements are in integral part of this statement.

# State of Georgia

## Statement of Net Assets

### Proprietary Funds

June 30, 2009

(dollars in thousands)

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Higher Education Fund	State Employees' Health Benefit Plan	Unemployment Compensation Fund	Nonmajor Funds	Total	
<b>Assets</b>						
<b>Current Assets:</b>						
Cash and Cash Equivalents	\$ 648,063	\$ 148,509	\$ 565,952	\$ 13,827	\$ 1,376,351	\$ 86,157
Investments	235,951	84,595	-	6,899	327,445	79,680
Accounts Receivable, Net	168,711	55,454	132,500	324	356,989	41,739
Due From Other Funds	-	4,864	-	616	5,480	356,067
Due From Component Units	111,419	-	-	-	111,419	316
Intergovernmental Receivables	98,215	-	17,565	-	115,780	36
Other Assets	112,177	-	-	18,045	130,222	13,656
<b>Noncurrent Assets:</b>						
Investments	108,208	-	-	99,855	208,063	113,280
Notes Receivable	49,215	-	-	1,629	50,844	-
Restricted Assets						
Cash and Cash Equivalents	10,402	-	-	7	10,409	-
Investments	32,580	-	-	26,680	59,260	-
Non-Depreciable Capital Assets	537,005	-	-	-	537,005	22,731
Depreciable Capital Assets, net	6,884,221	-	-	1,902	6,886,123	280,699
<b>Total Assets</b>	<b>8,996,167</b>	<b>293,422</b>	<b>716,017</b>	<b>169,784</b>	<b>10,175,390</b>	<b>994,361</b>
<b>Liabilities</b>						
<b>Current Liabilities:</b>						
Accounts Payable and Other Accruals	147,801	3,126	7,253	564	158,744	37,498
Due to Other Funds	78,106	-	1,336	2	79,444	173
Due to Component Units	1,853	-	-	-	1,853	-
Benefits Payable	21,828	212,158	29,811	-	263,797	-
Unearned Revenue	261,636	44,361	18,327	-	324,324	51
Claims and Judgments Payable	-	-	-	-	-	517,215
Compensated Absences Payable - Current	113,336	139	-	122	113,597	4,037
Other Current Liabilities	199,284	15	-	234	199,533	1,252
Current Liabilities Payable from Restricted Assets	-	-	-	11,634	11,634	-
<b>Noncurrent Liabilities:</b>						
Compensated Absences Payable	87,876	149	-	47	88,072	3,311
Capital Leases/Installment Purchases Payable	2,185,725	-	-	-	2,185,725	-
Revenue Bonds Payable	-	-	-	113,856	113,856	-
Other Postemployment Benefit Obligation	437,225	-	-	-	437,225	-
Other Noncurrent Liabilities	18,633	-	-	-	18,633	-
<b>Total Liabilities</b>	<b>3,553,303</b>	<b>259,948</b>	<b>56,727</b>	<b>126,459</b>	<b>3,996,437</b>	<b>563,537</b>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	5,176,677	-	-	1,902	5,178,579	303,430
Restricted for:						
Capital Projects	13,962	-	-	-	13,962	-
Other	-	-	-	-	-	1,106
Permanent Trusts:						
Nonexpendable	123,608	-	-	-	123,608	-
Expendable	225,704	-	-	-	225,704	-
Unemployment Compensation Benefits	-	-	659,290	-	659,290	-
Unrestricted	(97,087)	33,474	-	41,423	(22,190)	126,288
<b>Total Net Assets</b>	<b>\$ 5,442,864</b>	<b>\$ 33,474</b>	<b>\$ 659,290</b>	<b>\$ 43,325</b>	<b>6,178,953</b>	<b>\$ 430,824</b>

Some amounts reported for business-type activities in the statement of net assets are different because certain

internal service funds assets and liabilities are included with the business-type activities.

Net Assets of Business-Type Activities

(130,578)  
\$ 6,048,375

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Revenues, Expenses, and Changes in Fund Net Assets

### Proprietary Funds

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Higher Education Fund	State Employees' Health Benefit Plan	Unemployment Compensation Fund	Nonmajor Funds	Total	
<b>Operating Revenues:</b>						
Operating Grants and Contributions/Premiums	\$ 1,270,442	\$ 1,757,706	\$ 1,728,005	\$ -	\$ 4,756,153	\$ 257,018
Rents and Royalties	4,998	-	-	49	5,047	51,869
Sales and Services	783,003	-	-	27,620	810,623	248,849
Tuition and Fees	1,532,177	-	-	-	1,532,177	-
Less: Scholarship Allowances	(323,052)	-	-	-	(323,052)	-
Other	106,159	-	-	-	106,159	866
Total Operating Revenues	3,373,727	1,757,706	1,728,005	27,669	6,887,107	558,602
<b>Operating Expenses:</b>						
Personal Services	4,141,930	5,639	-	2,044	4,149,613	66,280
Services and Supplies	1,769,181	110,121	-	5,033	1,884,335	254,874
Scholarships and Fellowships	315,225	-	-	-	315,225	-
Benefits	-	2,095,327	2,435,344	-	4,530,671	-
Claims and Judgments	-	-	-	-	-	292,202
Depreciation	357,196	-	-	721	357,917	24,357
Amortization	-	-	-	5,495	5,495	-
Total Operating Expenses	6,583,532	2,211,087	2,435,344	13,293	11,243,256	637,713
Operating Income (Loss)	(3,209,805)	(453,381)	(707,339)	14,376	(4,356,149)	(79,111)
<b>Nonoperating Revenues (Expenses):</b>						
Grants and Contributions	620,090	-	-	-	620,090	-
Interest and Other Investment Income	20,288	13,982	41,136	654	76,060	10,746
Interest Expense	(109,950)	-	-	(4,537)	(114,487)	(110)
Other	(20,511)	-	-	(5)	(20,516)	(4,028)
Total Nonoperating Revenues (Expenses)	509,917	13,982	41,136	(3,888)	561,147	6,608
Income (Loss) Before Contributions and Transfers	(2,699,888)	(439,399)	(666,203)	10,488	(3,795,002)	(72,503)
Capital Contributions	390,793	-	-	-	390,793	28,711
Transfers In	2,337,253	-	-	-	2,337,253	6,656
Transfers Out	(3,418)	-	(102)	-	(3,520)	(28,307)
Change in Net Assets	24,740	(439,399)	(666,305)	10,488	(1,070,476)	(65,443)
Net Assets, July 1 (Restated - Note 3)	5,418,124	472,873	1,325,595	32,837		496,267
Net Assets, June 30	\$ 5,442,864	\$ 33,474	\$ 659,290	\$ 43,325		\$ 430,824
Some amounts reported for business-type activities in the statement of net assets are different because certain internal service funds assets and liabilities are included with the business-type activities.					(14,735)	
Change in Net Assets of Business-Type Activities					\$ (1,085,211)	

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Cash Flows

### Proprietary Funds

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Higher Education Fund	State Employees' Health Benefit Plan	Unemployment Compensation Fund	Nonmajor Fund	Total
<b>Cash Flows from Operating Activities:</b>					
Cash Received from Customers	\$ 799,177	\$ -	\$ -	\$ 22,598	\$ 821,775
Cash Received from Grants and Required Contributions/Premiums	1,244,788	1,693,019	1,687,422	-	4,625,229
Cash Received from Tuition and Fees	1,238,365	-	-	-	1,238,365
Cash Paid to Vendors	(2,509,054)	(164,310)	-	(4,935)	(2,678,299)
Cash Paid to Employees	(3,065,331)	(5,602)	-	(2,026)	(3,072,959)
Cash Paid for Benefits	-	(2,083,521)	(2,428,064)	-	(4,511,585)
Cash Paid for Claims and Judgments	-	-	-	-	-
Cash Paid for Scholarships, Fellowships and Loans	(329,420)	-	-	-	(329,420)
Other Operating Items (Net)	121,577	-	-	(4)	121,573
Net Cash Provided by (Used in) Operating Activities	(2,499,898)	(560,414)	(740,642)	15,633	(3,785,321)
<b>Cash Flows from Noncapital Financing Activities:</b>					
Payment to Lessee on Direct Financing Lease	-	-	-	97,319	97,319
Proceeds from Debt	-	-	-	(95,650)	(95,650)
Interest Paid on Debt	-	-	-	(3,105)	(3,105)
Transfers from Other Funds	2,337,253	-	-	-	2,337,253
Transfers to Other Funds	(3,418)	-	(13,517)	-	(16,935)
Other Noncapital Items (Net)	606,918	-	-	(1,670)	605,248
Net Cash Provided by (Used in) Noncapital Financing Activities	2,940,753	-	(13,517)	(3,106)	2,924,130
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Capital Contributions	128,636	-	-	-	128,636
Proceeds from Sale of Capital Assets	4,343	-	-	-	4,343
Proceeds from Capital Debt	(53)	-	-	-	(53)
Acquisition and Construction of Capital Assets	(458,387)	-	-	-	(458,387)
Principal Paid on Capital Debt	(53,410)	-	-	(7,560)	(60,970)
Interest Paid on Capital Debt	(105,767)	-	-	(1,357)	(107,124)
Net Cash Used in Capital and Related Financing Activities	(484,638)	-	-	(8,917)	(493,555)
<b>Cash Flows from Investing Activities:</b>					
Sale (Purchase) of Investments (Net)	2,968	290,903	-	(7,287)	286,584
Interest and Dividends Received	38,867	13,982	41,137	654	94,640
Net Cash Provided by (Used in) Investing Activities	41,835	304,885	41,137	(6,633)	381,224
Net Increase (Decrease) in Cash and Cash Equivalents	(1,948)	(255,529)	(713,022)	(3,023)	(973,522)
Cash and Cash Equivalents, July 1 (Restated)	660,413	404,038	1,278,974	16,857	2,360,282
Cash and Cash Equivalents, June 30	\$ 658,465	\$ 148,509	\$ 565,952	\$ 13,834	\$ 1,386,760

(continued)

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Cash Flows

### Proprietary Funds

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Higher Education Fund	State Employees' Health Benefit Plan	Unemployment Compensation Fund	Nonmajor Enterprise Fund	Total	
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>						
<b>Operating Income (Loss)</b>	\$ (3,209,805)	\$ (453,381)	\$ (707,339)	\$ 14,376	\$ (4,356,149)	\$ (79,111)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>						
Depreciation/Amortization Expense	357,196	-	-	6,217	363,413	24,357
Other	-	-	-	(4,205)	(4,205)	-
Changes in Assets and Liabilities:						
Decrease (Increase) in Accounts Receivable	(26,424)	(20,781)	(22,174)	(30)	(69,409)	(10,107)
Decrease (Increase) in Due From Other Funds	-	(4,864)	-	(616)	(5,480)	(168,289)
Decrease (Increase) in Due From Component Units	-	-	-	-	-	(180)
Decrease (Increase) in Intergovernmental Receivables	-	-	(17,479)	-	(17,479)	(23)
Decrease (Increase) in Inventories	(4,112)	-	-	540	(3,572)	(2,760)
Decrease (Increase) in Other Assets	2,933	-	-	7	2,940	557
Decrease in Notes Receivable	413	-	-	-	413	-
Increase (Decrease) in Accounts Payable and Other Accruals	20,014	(54,189)	(837)	(459)	(35,471)	30,354
Increase (Decrease) in Due to Other Funds	-	-	273	2	275	104
Increase in Benefits Payable	278,985	11,805	7,279	-	298,069	-
Increase in Funds Held for Others	-	-	-	-	-	455
Increase (Decrease) in Unearned Revenue	40,970	(39,041)	(365)	24	1,588	(526)
Increase in Claims and Judgments Payable	-	-	-	-	-	101,463
Increase (Decrease) in Compensated Absences Payable	6,428	41	-	18	6,487	(1,694)
Increase (Decrease) in Other Liabilities	33,504	(4)	-	(241)	33,259	(53)
<b>Net Cash Provided by (Used) in Operating Activities</b>	<u>\$ (2,499,898)</u>	<u>\$ (560,414)</u>	<u>\$ (740,642)</u>	<u>\$ 15,633</u>	<u>\$ (3,785,321)</u>	<u>\$ (105,453)</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>						
Acquisition of Capital and Other Assets through Capital Leases	\$ 432,302	\$ -	\$ -	\$ -	\$ 432,302	\$ -
Donation of Capital Assets	(259,756)	-	-	-	(259,756)	28,409
Transfer of Capital Assets	-	-	-	-	-	(19,949)
Net Increase (Decrease) in Fair Value of Investments	(18,491)	-	-	-	(18,491)	2,262
Other Noncash Items	(5,962)	-	-	-	(5,962)	-
<b>Total Noncash Investing, Capital and Financing Activities</b>	<u>\$ 148,093</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,093</u>	<u>\$ 10,722</u>

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Fiduciary Net Assets

### Fiduciary Funds

June 30, 2009

(dollars in thousands)

	Pension and Other Employee Benefits Trust	Investment Trust	Private Purpose Trust	Agency	Total
<b>Assets</b>					
Cash and Cash Equivalents	\$ 82,708	\$ 3,394,290	\$ 10,518	\$ 90,311	\$ 3,577,827
Receivables	-	-	-	377	377
Interest and Dividends	253,727	(4)	-	-	253,723
Due from Brokers for Securities Sold	222,020	-	-	-	222,020
Other	182,007	-	-	-	182,007
Due from Other Funds	1,270	-	-	-	1,270
Investments, at Fair Value					
Certificates of Deposit	-	-	-	2,951	2,951
Investment Accounts	6,324	-	-	-	6,324
Pooled Investments	12,335,418	3,171,764	8,543	30,541	15,546,266
Mutual Funds	1,221,081	-	-	14,166	1,235,247
Repurchase Agreements	684,919	-	-	-	684,919
Municipal, U. S. and Foreign					
Government Obligations	11,615,377	-	-	32,811	11,648,188
Corporate Bonds/Notes/Debentures	6,763,117	-	-	-	6,763,117
Stocks	23,956,798	-	-	-	23,956,798
Asset-Backed Securities	16,966	-	-	-	16,966
Mortgage Investments	36,128	-	-	-	36,128
Real Estate Investment Trusts	559	-	-	-	559
Capital Assets					
Land	2,071	-	-	-	2,071
Buildings	7,695	-	-	-	7,695
Software	29,325	-	-	-	29,325
Machinery and Equipment	3,455	-	103	-	3,558
Accumulated Depreciation	(26,530)	-	(64)	-	(26,594)
Other Assets	114	-	-	3,755	3,869
<b>Total Assets</b>	<b>57,394,549</b>	<b>6,566,050</b>	<b>19,100</b>	<b>174,912</b>	<b>64,154,611</b>
<b>Liabilities</b>					
Accounts Payable and Other Accruals	401,049	-	27	484	401,560
Due to Other Funds	6,283	-	-	-	6,283
Due to Brokers for Securities Purchased	156,698	-	-	-	156,698
Salaries/Withholdings Payable	247	-	-	-	247
Benefits Payable	6,627	-	-	-	6,627
Funds Held for Others	-	-	-	173,149	173,149
Notes Payable	-	-	-	-	-
Unearned Revenue	10,209	-	-	-	10,209
Compensated Absences Payable	73	-	241	-	314
Other Liabilities	7	-	-	1,279	1,286
<b>Total Liabilities</b>	<b>581,193</b>	<b>-</b>	<b>268</b>	<b>174,912</b>	<b>756,373</b>
<b>Net Assets</b>					
Held in Trust for:					
Pension Benefits	55,864,637	-	-	-	55,864,637
Other Postemployment Benefits	804,558	-	-	-	804,558
Other Employee Benefits	144,161	-	-	-	144,161
Pool Participants	-	6,566,050	-	-	6,566,050
Other Purposes	-	-	18,832	-	18,832
<b>Total Net Assets</b>	<b>\$ 56,813,356</b>	<b>\$ 6,566,050</b>	<b>\$ 18,832</b>	<b>\$ -</b>	<b>\$ 63,398,238</b>

The notes to the financial statements are an integral part of this statement.



# State of Georgia

## Statement of Changes in Fiduciary Net Assets Fiduciary Funds For the Fiscal Year Ended June 30, 2009 (dollars in thousands)

	Pension and Other Employee Benefits Trust	Investment Trust	Private Purpose Trust	Total
<b>Additions:</b>				
Contributions/Assessments				
Employer	\$ 1,864,420	\$ -	\$ -	\$ 1,864,420
Plan Members/Participants	850,213	-	146,963	997,176
Other Contributions				
Fines and Bond Forfeitures	20,380	-	-	20,380
Insurance Company Premium Taxes	-	-	-	-
Insurance Premiums	34,878	-	-	34,878
Other Fees	4,499	-	-	4,499
Interest and Other Investment Income				
Dividends and Interest	1,869,041	94,282	1,463	1,964,786
Net Appreciation (Depreciation) in Investments Reported at Fair Value	(10,798,244)	(4,078)	-	(10,802,322)
Less: Investment Expense	(33,054)	(1,859)	-	(34,913)
Pool Participant Deposits	-	10,385,963	-	10,385,963
Other				
Transfers from Other Funds	3,215	-	-	3,215
Miscellaneous	1,797	-	-	1,797
Total Additions	(6,182,855)	10,474,308	148,426	4,439,879
<b>Deductions:</b>				
General and Administrative Expenses	84,125	-	3,152	87,277
Benefits	4,499,463	-	152,881	4,652,344
Pool Participant Withdrawals	-	10,949,818	-	10,949,818
Refunds	67,668	-	-	67,668
Total Deductions	4,651,256	10,949,818	156,033	15,757,107
Change in Net Assets Held in Trust for:				
Pension and Other Employee Benefits	(10,834,111)	-	-	(10,834,111)
Pool Participants	-	(475,510)	-	(475,510)
Other Purposes	-	-	(7,607)	(7,607)
Net Assets, July 1	67,647,467	7,041,560	26,439	74,715,466
Net Assets, June 30	\$ 56,813,356	\$ 6,566,050	\$ 18,832	\$ 63,398,238

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Net Assets

### Component Units

June 30, 2009

(dollars in thousands)

	Georgia Environmental Facilities Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation	Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
<b>Assets</b>						
<b>Current Assets:</b>						
Cash and Cash Equivalents	\$ 170,245	\$ 25,163	\$ 9,187	\$ 4,460	\$ 724,080	\$ 933,135
Investments	144,567	10,229	-	-	240,385	395,181
Receivables						
Accounts (Net)	5,848	-	122,782	21,810	248,243	398,683
Taxes	-	-	-	-	412	412
Interest and Dividends	16,101	733	-	-	4,744	21,578
Notes and Loans	-	-	-	1,184	275,410	276,594
Due from Primary Government	-	-	-	-	1,975	1,975
Due from Component Units	-	-	-	-	993	993
Intergovernmental Receivables	3,085	-	-	-	15,942	19,027
Other Current Assets	3	19,466	3,056	-	98,729	121,254
<b>Noncurrent Assets:</b>						
Investments	-	117,661	-	1,033,176	971,164	2,122,001
Receivables (Net)						
Notes and Loans	1,455,165	305,554	-	-	3,698	1,764,417
Other	-	-	-	195,271	990,523	1,185,794
Due from Component Units	-	-	-	-	68,694	68,694
Restricted Assets						
Cash and Cash Equivalents	-	62,016	4,977	-	262,200	329,193
Investments	-	142,223	308,342	-	31,541	482,106
Receivables						
Loans (Net)	-	610,588	-	-	-	610,588
Interest and Dividends	-	6,334	-	-	-	6,334
Other	-	-	-	-	106	106
Deferred Charges	-	14,462	-	-	-	14,462
Non-Depreciable Capital Assets	-	800	-	2,553	680,749	684,102
Depreciable Capital Assets, Net	63	3,305	5,089	34,666	1,478,956	1,522,079
Other Noncurrent Assets	24	-	-	23,177	59,697	82,898
<b>Total Assets</b>	<b>1,795,101</b>	<b>1,318,534</b>	<b>453,433</b>	<b>1,316,297</b>	<b>6,158,241</b>	<b>11,041,606</b>

(continued)

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Net Assets Component Units June 30, 2009 (dollars in thousands)

	Georgia Environmental Facilities Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation	Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
<b>Liabilities</b>						
<b>Current Liabilities:</b>						
Accounts Payable and Other Accruals	7,285	17,110	92,951	8,827	189,903	316,076
Due to Primary Government	-	4	43,691	-	111,705	155,400
Due to Component Units	-	-	-	349	644	993
Funds Held for Others	-	-	-	-	1,166	1,166
Unearned Revenue	23,885	1,690	-	1,356	116,600	143,531
Notes and Loans Payable - Current	-	-	-	29,512	109,396	138,908
Revenue Bonds Payable - Current	7,460	24,220	-	5,060	49,076	85,816
Other Current Liabilities	135	62,058	136,673	2,405	73,698	274,969
Current Liabilities Payable from Restricted Assets:						
Accrued Interest Payable	-	-	-	-	3,922	3,922
Revenue Bonds Payable - Current	-	-	-	-	8,150	8,150
Other	-	-	4,686	-	8,863	13,549
<b>Noncurrent Liabilities:</b>						
Unearned Revenue	-	304,716	-	31,202	16,335	352,253
Notes and Loans Payable	-	-	-	-	266,204	266,204
Revenue/Mortgage Bonds Payable	13,680	746,448	-	252,381	2,128,943	3,141,452
Grand Prizes Payable	-	-	158,034	-	-	158,034
Due to Component Units	-	-	-	68,694	-	68,694
Other Noncurrent Liabilities	349	-	2,519	25,334	103,817	132,019
<b>Total Liabilities</b>	<b>52,794</b>	<b>1,156,246</b>	<b>438,554</b>	<b>425,120</b>	<b>3,188,422</b>	<b>5,261,136</b>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	15	4,105	5,089	(36)	1,132,719	1,141,892
Restricted for:						
Bond Covenants/Debt Service	9,439	-	-	-	204,735	214,174
Construction	-	-	-	10,769	-	10,769
Higher Education						
Expendable	-	-	-	444,354	324,801	769,155
Nonexpendable	-	-	-	390,180	499,132	889,312
Loan and Grant Programs	41,812	-	-	-	-	41,812
Other Purposes	-	-	291	-	101	392
Unrestricted	1,691,041	158,183	9,499	45,910	808,331	2,712,964
<b>Total Net Assets</b>	<b>\$ 1,742,307</b>	<b>\$ 162,288</b>	<b>\$ 14,879</b>	<b>\$ 891,177</b>	<b>\$ 2,969,819</b>	<b>\$ 5,780,470</b>

The notes to the financial statements are an integral part of this statement.



# State of Georgia

## Statement of Activities

### Component Units

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

	Georgia Environmental Facilities Authority	Georgia Housing and Finance Authority	Georgia Lottery Corporation	Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
Expenses	\$ 52,824	\$ 114,919	\$ 3,401,747	\$ 110,596	\$ 2,035,911	\$ 5,715,997
<b>Program Revenues:</b>						
Sales and Charges for Services	51,044	48,802	3,399,894	17,130	1,179,085	4,695,955
Operating Grants and Contributions	43,947	62,856	-	36,065	740,549	883,417
Capital Grants and Contributions	95,114	-	-	-	25,747	120,861
Total Program Revenues	190,105	111,658	3,399,894	53,195	1,945,381	5,700,233
Net (Expenses) Revenue	137,281	(3,261)	(1,853)	(57,401)	(90,530)	(15,764)
<b>General Revenues:</b>						
Taxes	-	-	-	-	26,833	26,833
Unrestricted Investment Income	1,090	20,449	7,063	(269,460)	(201,291)	(442,149)
Payments from the State of Georgia	-	-	-	-	58,558	58,558
Contributions to Permanent Endowments	-	-	-	10,497	11,352	21,849
Other	1,085	-	-	-	20,990	22,075
Total General Revenues	2,175	20,449	7,063	(258,963)	(83,558)	(312,834)
Change in Net Assets	139,456	17,188	5,210	(316,364)	(174,088)	(328,598)
Net Assets, July 1 - Restated (Note 3)	1,602,851	145,100	9,669	1,207,541	3,143,907	6,109,068
Net Assets, June 30	\$ 1,742,307	\$ 162,288	\$ 14,879	\$ 891,177	\$ 2,969,819	\$ 5,780,470

The notes to the financial statement are an integral part of this statement.



**Notes to the Financial Statements  
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## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 1 - Summary of Significant Accounting Policies

#### A. Basis of Presentation

The financial statements of the State of Georgia have been prepared in conformity with GAAP as prescribed by the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

The fiscal year end for the primary government and component units is June 30, except for the Stone Mountain Memorial Association and Valdosta State University Auxiliary Service Real Estate Foundation, Incorporated (component units), which have a fiscal year end of December 31.

#### B. Financial Reporting Entity

For financial reporting purposes, the State of Georgia reporting entity includes the primary government and its component units. The primary government consists of all the organizations that compose the legal entity of the State of Georgia. All agencies, departments, authorities, commissions, courts, councils, boards, universities, colleges, retirement funds, associations and other organizations that are not legally separate are, for financial reporting purposes, considered part of the primary government. Component units are legally separate organizations for which the State's elected officials are financially accountable.

Financial accountability is the ability of the State to appoint a voting majority of an organization's governing board and to impose its will upon the organization or when there exists the potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. When the State does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the financial reporting entity if an organization is fiscally dependent upon the State, its resources are held for the direct benefit of the State or can be accessed by the State, or the relationship is such that it would be misleading to exclude it.

#### Blended Component Units

Blended component units provide services entirely or almost entirely to the primary government. As such, although they are legally separate entities, they are, in substance, part of the government's operations. GASB

standards require this type of component unit to be reported as part of the primary government and blended into the appropriate funds. The State's blended component units are as follows:

#### *Special Revenue Funds*

Georgia Economic Development Foundation, Incorporated.  
Georgia Tourism Foundation  
State Road and Tollway Authority

#### *Capital Projects Funds*

Georgia Building Authority (Markets)

#### *Enterprise Funds*

Higher Education Fund  
Georgia Military College  
State Road and Tollway Authority  
Georgia Higher Education Facilities Authority

#### *Internal Service Funds*

Georgia Building Authority  
Georgia Correctional Industries Administration  
Georgia Technology Authority

#### Discretely Presented Component Units

Discrete presentation entails reporting component unit financial data in a separate column and/or rows in each of the government-wide statements to emphasize that these component units are legally separate from the State. The State's discretely presented component units are as follows:

#### *Authorities and Similar Organizations*

Geo. L. Smith II Georgia World Congress Center Authority  
Georgia Agricultural Exposition Authority  
Georgia Agrirama Development Authority  
Georgia Development Authority  
Georgia Environmental Facilities Authority  
Georgia Golf Hall of Fame Authority  
Georgia Higher Education Assistance Corporation  
Georgia Highway Authority  
Georgia Housing and Finance Authority  
Georgia International and Maritime Trade Center Authority  
Georgia Lottery Corporation  
Georgia Medical Center Authority





## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 1 - Summary of Significant Accounting Policies (continued)

Georgia Music Hall of Fame Authority  
Georgia Ports Authority  
Georgia Public Telecommunications Commission  
Georgia Rail Passenger Authority  
Georgia Regional Transportation Authority  
Georgia Seed Development Commission  
Georgia Sports Hall of Fame Authority  
Georgia Student Finance Authority  
Jekyll Island State Park Authority  
Lake Lanier Islands Development Authority  
North Georgia Mountains Authority  
Oconee River Greenway Authority  
OneGeorgia Authority  
Regional Educational Service Agencies  
Sapelo Island Heritage Authority  
Southwest Georgia Railroad Excursion Authority  
Stone Mountain Memorial Association  
Superior Court Clerks' Cooperative Authority

#### *Higher Education Foundations and Similar Organizations*

Georgia College and State University Foundation  
Georgia Southern University Housing Foundation, Incorporated  
Georgia State University Foundation  
Georgia State University Research Foundation, Incorporated  
Georgia Tech Athletic Association  
Georgia Tech Facilities, Incorporated  
Georgia Tech Foundation, Incorporated  
Georgia Tech Research Corporation  
Kennesaw State University Foundation, Incorporated  
Medical College of Georgia Foundation, Incorporated  
Medical College of Georgia Health, Incorporated  
Medical College of Georgia Physician's Practice Group Foundation  
University of Georgia Athletic Association, Incorporated  
University of Georgia Foundation  
University of Georgia Research Foundation, Incorporated  
University System of Georgia Foundation, Incorporated  
Valdosta State University Auxiliary Services Real Estate Foundation, Incorporated

#### **Fiduciary Component Units**

GAAP requires fiduciary component units to be reported as fiduciary funds of the primary government rather than as discrete component units. In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements. The State's two most significant fiduciary component units are the Employees' Retirement System of Georgia and the Teachers Retirement System of Georgia. Other fiduciary component units are detailed in

the Fiduciary Funds portion of the Supplementary Information – Combining and Individual Fund Statements category of the Financial Section.

The State's significant component units issue separate audited financial statements. The financial statements for fiduciary component units and authorities and similar organizations can be obtained from their respective administrative offices or from the Georgia Department of Audits and Accounts, 270 Washington Street, S.W., Suite 1-156, Atlanta, Georgia 30334. The financial statements for the higher education foundations and similar organizations can be obtained from their respective administrative offices or from the Board of Regents of the University System of Georgia, 270 Washington Street, S.W., Atlanta, Georgia 30334.

### C. Government-Wide and Fund Financial Statements

#### **Government-Wide Financial Statements**

The Statement of Net Assets and Statement of Activities display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are financed through taxes, intergovernmental revenues, and other non-exchange revenues are reported separately from business-type activities, which are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from its discretely presented component units.

The Statement of Net Assets presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 1 - Summary of Significant Accounting Policies (continued)

#### Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds. Internal service funds are also aggregated and reported in a separate column on the proprietary funds financial statements.

#### D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (which include discretely presented component units) and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenues in the fiscal year in which eligibility requirements imposed by the provider have been met. Unearned revenue is recorded when cash or other assets are received prior to being earned. Additionally, long-term assets and liabilities, such as capital assets and long-term debt, are included on the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the State generally considers taxes and other revenues to be available if the revenues are collected within 30 days after fiscal year end. An exception to this policy is federal grant revenues, which generally are considered to be available if collection is expected within 12 months after year end. All deferred revenue reported represents revenue that is unearned, rather than unavailable. Capital purchases are recorded as expenditures and neither capital assets nor long-term liabilities, such as long-term debt, are reflected on the balance sheet.

Expenditures generally are recorded when the related fund liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due or (for debt service expenditures) when amounts have been accumulated in the debt service fund for payments to be made early in the subsequent fiscal year.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as investment earnings, are reported as nonoperating.

The State's proprietary funds and discretely presented component units, other than certain higher education foundations and similar organizations, follow all GASB pronouncements, and all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. Certain higher education foundations and similar organizations report under FASB standards; including FASB Codification Topic 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to GASB presentation in these financial statements.

Generally accepted accounting principles require that revenues and expenses relating to summer school activities, the dates of which cross the State's fiscal year, are allocated between fiscal years rather than reported in a single fiscal year with the exception of teacher's salaries which are recorded in the fiscal year earned. The Higher Education Fund (major enterprise fund) reports summer revenues and expenses in the year in which the predominant activity takes place.

The State reports the following major governmental funds:

The **General Fund** is the principal operating fund of the State. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Georgia State Financing and Investment Commission** (*Capital Projects Fund*) accounts for the construction of projects for state agencies financed with



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 1 - Summary of Significant Accounting Policies (continued)

public debt, including educational facilities for county and independent school systems.

The State reports the following major enterprise funds:

The *Higher Education Fund* accounts for the operations of State colleges and universities and State technical colleges.

The *State Employees' Health Benefit Plan* is a self-insured program of health benefits for the employees of units of government of the State of Georgia, units of county government and local education agencies located within the State of Georgia.

The *Unemployment Compensation Fund* accounts for the collection of employers' unemployment insurance tax and the payment of unemployment insurance benefits.

Additionally, the State reports the following fund types and nonmajor funds:

#### Governmental Fund Types:

*Special Revenue Funds* – These funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. The State's special revenue funds represent the blended component units that conduct general governmental functions.

*Debt Service Fund* – This fund accounts for the payment of principal and interest on general long-term debt. The primary government debt service fund is the General Obligation Debt Sinking Fund. The Debt Sinking Fund is a legally mandated fund responsible for fulfilling annual debt service requirements on all general obligation debt.

*Capital Projects Funds* – These funds account for the acquisition or construction of capital facilities.

*Permanent Fund* – This fund is used to report resources of the Pupils Trust Fund at Georgia Academy for the Blind. The resources of this fund are legally restricted to the extent that only earnings, and not principal, may be used for Academy student activities.

#### Proprietary Fund Types:

*Enterprise Fund* – This fund accounts for those activities for which fees are charged to external users for goods or services. This fund is also used when the activity is financed with debt that is secured by a pledge of the net revenues from fees. The State Road and

Tollway Authority's Georgia 400 Project Fund and the Georgia Higher Education Facilities Authority are the State's nonmajor enterprise funds.

*Internal Service Funds* – These funds account for the financing of goods or services provided by one department or agency to other State departments or agencies, or to other governmental entities, on a cost-reimbursement basis. The predominant participant in internal service fund activity is the primary government. The activities accounted for in the State's internal service funds include risk management, prison industries, property management, technology, and personnel administration.

#### Fiduciary Fund Types:

*Pension and Other Employee Benefit Trust Funds* – These funds account for the retirement systems and plans administered by the Employees' Retirement System, for the Teachers Retirement System, and for pension plans administered on behalf of a variety of local government officials and employees. These funds also include those used to report the accumulation of resources for, and payment of, other postemployment benefits.

*Investment Trust Funds* – These funds account for the external portions of government-sponsored investment pools, including Georgia Fund 1, Georgia Extended Asset Pool, and the Regents Investment Pool.

*Private Purpose Trust Funds* – These funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Auctioneers and Real Estate Recovery Trust Funds, and the Subsequent Injury Trust Fund are reported in this category.

*Agency Funds* – These funds report assets and liabilities for deposits and investments entrusted to the State as an agent for other governmental units, other organizations, or individuals. These funds include tax collections, child support recoveries, and correctional detainees' accounts.

#### Discretely Presented Component Units:

The combining component unit financial statements are presented to provide information on each of the major component units included in the component units' column of the government-wide statements. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each separately issued financial statements.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 1 - Summary of Significant Accounting Policies (continued)

#### E. Assets, Liabilities, and Net Assets/Fund Balances

##### Cash and Cash Equivalents

Cash and cash equivalents include currency on hand and demand deposits with banks and other financial institutions.

Cash and cash equivalents also include short-term, highly liquid investments with maturity dates within three months of the date acquired.

##### Investments

Investments include financial instruments with terms in excess of three months from the date of purchase, certain other securities held for the production of revenue, and land and other real estate held as investments by endowments. Investments are presented at fair value. Changes in the fair value of land and other real estate held as investments by endowments are reported as investment income.

The State Depository Board may permit any department, board, bureau or other agency to invest funds collected directly by such organization in short term time deposit agreements, provided that the interest income of those funds is remitted to the Director of the Office of Treasury and Fiscal Services as revenues of the State of Georgia. As a matter of general practice, however, demand funds of any department, board, bureau or other agency in excess of current operating expenses are required to be deposited with the Director of the Office of Treasury and Fiscal Services for the purpose of pooled investment per the Official Code of Georgia Annotated (OCGA) 50-17-63. Such cash is managed in a pooled investment fund to maximize interest earnings. The pooled investment funds "Georgia Fund 1" and "Georgia Extended Asset Pool" are also available on a voluntary basis to organizations outside of the State reporting entity.

The Georgia Fund 1 or Primary Liquidity Portfolio's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal. Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and values participants' shares sold and redeemed at the pool's share price, \$1.00 per share. Investments are directed toward short-term instruments.

The Georgia Extended Asset Pool is part of the Extended Term Portfolio. The pool's primary objective is the prudent management of public funds on behalf of the

State of Georgia and local governments seeking income higher than money market rates. Net Asset Value (NAV) is calculated daily to determine current share price. NAV is calculated by taking the closing fair value of securities owned plus other assets and subtracting liabilities. The remainder is then divided by the total number of shares outstanding to compute NAV per share (current share price). The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on the current share price. Investments consist generally of securities issued or guaranteed as to principal and interest by the U. S. Government or any of its agencies or instrumentalities, bankers' acceptances and repurchase agreements.

Units of the University System of Georgia and their affiliated organizations may participate in the Regents Investment Pool. The fair value of the investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest it earns. The Regents Investment Pool maintains an assortment of funds which invest in diverse holdings with varying investment objectives.

The State's Unemployment Compensation Fund monies are required by the Social Security Act to be invested in the U. S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the SEC. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

##### Receivables

Receivables in the State's governmental funds pertain primarily to Federal grants and to revenues related to charges for services. Receivables in all other funds have arisen in the ordinary course of business. Receivables are recorded when either the asset or revenue recognition criteria (See Note 1-D) have been met. Estimates of allowances for uncollectible receivables have not been made for the majority of receivables included within the financial statements. Receivables from the Federal government are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

##### Inventories

Inventories of supplies and materials are determined by physical count and/or perpetual inventory records and are valued at cost, weighted average cost, moving average





### Note 1 - Summary of Significant Accounting Policies (continued)

cost, or lower of weighted average cost or market, using the first-in/first-out (FIFO) method, depending on the individual organization's preference. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased for larger agencies and agencies with material inventories. Other agencies may use either the purchase or consumption method.

Under the purchase method, a portion of the fund balance is reserved for inventories to indicate that it is not available for appropriation. Organizations using the consumption method normally reserve a portion of fund balance equal to the average monthly inventories on hand for the fiscal year.

#### Prepaid Items

Prepaid items include payments made to vendors and local government organizations for services that will benefit periods beyond June 30, 2009. Also, the employer's portion of health insurance benefits applicable to coverage effective after June 30, 2009, is recorded as a prepaid item.

#### Restricted Assets

Certain cash, investments, and other assets are classified as restricted assets on the Balance Sheet and/or Statement of Net Assets because their use is limited by applicable bond covenants, escrow arrangements or other regulations.

#### Capital Assets

Capital assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the governmental activities column of the government-wide Statement of Net Assets. Capital assets of the State's proprietary funds and component units are capitalized in the fund in which they are utilized. Capital assets are stated at historical cost or, in some instances, estimated historical cost. Estimation methods include using historical sources to determine the cost of similar assets at the time of acquisition and indexing where the historical cost of an asset is estimated by taking the current cost of a similar asset and dividing it by an index figure which adjusts for inflation. Donated capital assets are stated at fair market value at the time of donation. Infrastructure acquired prior to fiscal years ended after June 30, 1980 is reported. All acquisitions in the following asset categories are capitalized regardless of cost:

- Land and non-depreciable land improvements
- Bridges and roadways included in the state highway system
- Works of art and collections, acquired or donated,

unless held for financial gain.

Amounts for other asset categories are capitalized when the cost or value equals or exceeds the following thresholds. Items acquired through capital leases or donations are subject to these capitalization thresholds, using the classifications most closely related to the leased or donated assets.

<i>Asset Category</i>	<i>Threshold</i>
Infrastructure other than bridges and roadways in state highway system	\$1,000,000
Buildings and building improvements	100,000
Improvements other than buildings	100,000
Machinery and equipment	5,000
Software	1,000,000
Library collections – capitalize all if collection equals or exceeds	100,000

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized. The State holds certain assets such as works of art, historical documents, and artifacts that have not been capitalized or depreciated because either they are held for financial gain or they are protected and preserved for exhibition, education, or research and are considered to have inexhaustible useful lives.

Major outlays for construction of bridges and roadways in the state highway system are capitalized as projects are constructed. All other major construction projects are capitalized when projects are completed. Interest incurred during construction is not capitalized in governmental funds. Interest incurred during the construction of proprietary fund assets is included in the capitalized value of the asset.

Capital assets without indefinite or inexhaustible useful lives are amortized or depreciated on the straight-line basis over the following useful lives:

Infrastructure	10-100 years
Buildings and building improvements	5-60 years
Improvements other than buildings	15-50 years
Machinery and equipment	3-20 years
Software	3-10 years
Library collections	10 years
Works of art and collections	5-40 years

#### Compensated Absences

Employees earn annual leave ranging from ten to fourteen hours each month depending upon the employee's length of continuous State service with a maximum accumulation of forty-five days. Employees are paid for



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 1 - Summary of Significant Accounting Policies (continued)

unused accumulated annual leave upon retirement or termination of employment. Funds are provided in the appropriation of funds each fiscal year to cover the cost of annual leave of terminated employees. The State's obligation for accumulated unpaid annual leave is reported as a liability in the government-wide and proprietary fund financial statements.

Employees earn ten hours of sick leave each month with a maximum accumulation of ninety days. Sick leave does not vest with the employee. Unused accumulated sick leave is forfeited upon retirement or termination of employment. However, certain employees who retire with one hundred and twenty days or more of forfeited annual and sick leave are entitled to additional service credit in the Employees' Retirement System of Georgia. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

#### Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column or business-type activities column on the government-wide statement of net assets and on the proprietary fund statement of net assets in the fund financial statements. Bond discounts, premiums and issuance costs are deferred and amortized over the life of the bonds using a method that approximates the effective interest method or the straight-line method. Bonds payable are reported net of the unamortized bond premium or discount and, when applicable, the deferred amount on refunding. Bond issuance costs are reported as deferred charges (assets) and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The *Tax Reform Act of 1986* requires governmental organizations issuing tax-exempt bonds to refund to the U. S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental organizations must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Organizations are required to remit

arbitrage rebate payments for non-purpose interest to the Federal government at least once every five years over the life of the bonds. Arbitrage liability is treated as an expense in the government-wide statements when the liability is recognized. In the fund financial statements, governmental funds report arbitrage (other debt service) expenditures when the liability is due.

Pollution remediation obligations are recorded when the State knows that a site is polluted and one or more of the GASB Statement No. 49 obligating events has occurred. The amount recorded is an estimate of the current value of potential outlays for the cleanup, calculated using the "expected cash flows" measurement technique.

#### Net Assets

Net assets are reported as invested in capital assets, net of related debt, restricted or unrestricted. "Invested in capital assets, net of related debt" consists of capital assets, net of accumulated amortization/depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, indicating they are not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

When both restricted and unrestricted net assets are available for use, it is the State's policy to allow each organization to determine spending order in a manner consistent with the Georgia Constitution and applicable State law which maximizes the benefit to the customer and/or the efficiency of the program.

#### Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally segregated by outside parties for use for a specific purpose. Designations of fund balance represent tentative plans for future use of financial resources. Unreserved, undesignated fund balance is the amount of fund balance remaining from operations of the current and prior years, net of amounts established as reserved and designated.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### **Note 1 - Summary of Significant Accounting Policies (continued)**

#### **F. Interfund Activity and Balances**

Equally offsetting asset and liability accounts (due from/to other funds) are used to account for amounts owed to a particular fund by another fund for short-term obligations on goods sold or services rendered.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of activities between governmental activities and business-type activities. In the fund financial statements, transfers represent flows of assets without equivalent flows of assets in return or a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. Transfers and balances between funds are made to accomplish various provisions of law.

Interfund payables and receivables have been eliminated from the statement of net assets except for amounts due between governmental and business-type activities. These amounts are reported as internal balances on the statement of net assets.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 2 - Changes in Financial Accounting and Reporting

#### Financial Reporting Entity

The Georgia Higher Education Facilities Authority (the Authority), previously reported as a nonmajor governmental fund, is now reported as a nonmajor enterprise fund. During fiscal year 2009, the Authority issued debt secured solely by a pledge of the net revenues from the fees and charges from the activity undertaken by the Authority. By definition, the Authority is therefore required to be reported as an enterprise fund. As a result of this realignment, beginning net assets of the proprietary funds have been increased by \$514 thousand, with a corresponding decrease to the beginning net assets of the nonmajor governmental funds.

In fiscal year 2009 it was determined that three additional higher education foundations (discretely presented component units) met the requirements for inclusion in the financial reporting entity. The addition of the Georgia State University Research Foundation, Inc., the University System of Georgia Foundation, Inc. and the Valdosta State University Auxiliary Services Real Estate Foundation, Inc. resulted in an increase in the beginning net assets of the component units of \$25.8 million.

Changes in fund equities as previously reported for the funds and activities at June 30, 2008 are summarized in Note 3.

#### Changes in Accounting Principles

In fiscal year, 2009, the State implemented GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, establishing uniform reporting standards for the financial reporting and disclosure requirements relating to pollution remediation obligations. This statement covers remediation activities such as pre-cleanup activities including site assessment, feasibility study and design; clean-up activities including neutralization containment and disposal activities; oversight and enforcement related activities; and operating and maintenance of the remedy and monitoring. The statement excludes pollution prevention or control obligations relating to current operations and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post closure care.

The provisions of GASB 49 require retroactive implementation for pollution remediation obligations. Therefore, the Fund Equity balance as of June 30, 2008, would have been restated. However, the adoption of this statement was not material to the State as a whole.

In addition, the State adopted GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which requires that land and other real estate held as investments by endowments be reported at fair market value. Land and Real Estate investments totaling \$8.5 million for the primary government and \$99 million for the component units have been included in Note 4 at fair market value.

#### Pending Accounting Changes

In fiscal year 2010, the State will be implementing GASB Statement 51, *Accounting and Financial Reporting for Intangible Assets* and Statement 53, *Accounting and Financial Reporting for Derivative Instruments*. As of the date of this report, the State has not determined the financial impact of implementing these statements.





## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 3 - Fund Equity Reclassifications and Restatements

(dollars in thousands)

	June 30, 2008 Fund Equity As Previously Reported	Fund Reclassifications	Corrections of Prior Year	June 30, 2008 Fund Equity as Restated
<b><u>Primary Government</u></b>				
Major Funds:				
General Fund	\$ 4,327,292	\$ -	\$ -	\$ 4,327,292
Georgia State Financing and Investment Commission	1,195,206	-	-	1,195,206
Nonmajor Funds:				
Special Revenue Funds	286,451	-	-	286,451
Capital Projects Funds	554	(514)	-	40
Permanent Fund	14	-	-	14
Total Governmental Funds	5,809,517	(514)	-	5,809,003
Internal Service funds	612,112	-	-	612,112
Government-wide adjustments:				
Capital Assets, net of depreciation	18,681,043	-	-	18,681,043
Other Noncurrent Assets	20,274	-	-	20,274
Long-Term Liabilities	(10,118,125)	-	-	(10,118,125)
Total Government-wide adjustments	8,583,192	-	-	8,583,192
<b>Total Governmental Activities</b>	<b>\$ 15,004,821</b>	<b>\$ (514)</b>	<b>\$ -</b>	<b>\$ 15,004,307</b>
<b><u>Business-Type Activities</u></b>				
Major Funds:				
Higher Education Fund	\$ 5,435,820	\$ -	\$ (17,696)	\$ 5,418,124
State Employees' Health Benefit Plan	472,873	-	-	472,873
Unemployment Compensation Fund	1,325,595	-	-	1,325,595
Nonmajor Funds:				
Enterprise Fund	32,323	514	-	32,837
Internal Service Funds	496,267	-	-	496,267
Internal Service Funds Look-Back Adjustments				
Removal of Internal Service Funds Relating to				
Governmental Activities	(612,110)	-	-	(612,110)
<b>Total Business-Type Activities</b>	<b>\$ 7,150,768</b>	<b>\$ 514</b>	<b>\$ (17,696)</b>	<b>\$ 7,133,586</b>
<b><u>Fiduciary Funds</u></b>				
Pension and Other Employee Benefit Trust Funds	\$ 67,647,467	\$ -	\$ -	\$ 67,647,467
Investment Trust Funds	7,041,560	-	-	7,041,560
Private Purpose Trust Funds	26,439	-	-	26,439
<b>Total Fiduciary Funds</b>	<b>\$ 74,715,466</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 74,715,466</b>
<b><u>Discretely Presented Component Units</u></b>				
Discretely Presented Component Units	\$ 6,093,697	\$ -	\$ -	\$ 6,093,697
Additions to Reporting Entity	-	25,841	-	25,841
Correction of Prior Year (Net)	-	-	(10,470)	(10,470)
<b>Total Discretely Presented Component Units</b>	<b>\$ 6,093,697</b>	<b>\$ 25,841</b>	<b>\$ (10,470)</b>	<b>\$ 6,109,068</b>



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 4 - Deposits and Investments

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

	Primary Government and Fiduciary Funds	Component Units	Total
Cash and Cash Equivalents	\$ 3,957,238	\$ 933,135	\$ 4,890,373
Investments	4,050,390	2,517,182	6,567,572
Restricted Assets			-
Cash and Cash Equivalents	21,121	329,193	350,314
Investments	68,274	482,106	550,380
Fiduciary Funds			-
Cash and Cash Equivalents	3,577,827	-	3,577,827
Investments	59,897,463	-	59,897,463
	<b>\$ 71,572,313</b>	<b>\$ 4,261,616</b>	<b>\$ 75,833,929</b>

Cash and investments as of June 30, 2009 consist of the following:

	Primary Government and Fiduciary Funds	Component Units	Total
Cash on Hand	\$ 6,445	\$ 53	\$ 6,498
Deposits with Financial Institutions (Note 4A)	5,398,256	718,689	6,116,945
Investments (Note 4B)	66,671,393	2,939,238	69,610,631
Investment in Direct Financing Lease (Notes 4C)	99,855		99,855
Assets Held at the Office of Treasury and Fiscal Services on Behalf of Other Organizations	(603,636)	603,636	-
	<b>\$ 71,572,313</b>	<b>\$ 4,261,616</b>	<b>\$ 75,833,929</b>

#### A. Deposits

Deposits include bank accounts and short-term investments, including certificates of deposit. Funds belonging to the State of Georgia cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in OCGA 50-17-59:

- 1) Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.
- 2) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
- 3) Bonds of any public authority created by the laws

of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.

- 4) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
- 5) Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Home Loan Mortgage Corporation and the Federal National Mortgage Association.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 4 - Deposits and Investments (continued)

The Director of the Office of Treasury and Fiscal Services (OTFS) may also accept letters of credit issued by a Federal Home Loan Bank or the guarantee or insurance of accounts of the Federal Deposit Insurance Corporation (FDIC) (to the extent authorized by federal law governing the FDIC) to secure state funds on deposit in state depositories. In addition, upon approval of the Director, a combination of the methods above may be utilized by a depository to secure deposits.

As authorized in OCGA 50-17-53, the State Depository Board has adopted policies that allow agencies of the State of Georgia the option of exempting demand deposits from the collateral requirements.

#### ***Custodial Credit Risk – Deposits***

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the State's deposits may not be recovered.

At June 30, 2009, bank balances of the primary government and its component units' deposits totaled \$5.5 billion. Of these deposits, \$2.9 billion were exposed to custodial credit risk as follows ( in thousands)

	Primary Government	Component Units	Total
Uninsured and Uncollateralized	\$ 383,182	\$ 37,150	\$ 420,332
Uninsured and collateralized with securities held by the pledging financial institutions	255,475	229,942	485,417
Uninsured and collateralized with securities held by the pledging institutions's trust departments or agents, but not in the State's name	1,780,135	189,385	1,969,520
Total deposits exposed to custodial credit risk	<u>\$ 2,418,792</u>	<u>\$ 456,477</u>	<u>\$ 2,875,269</u>

The carrying amounts of the deposits of certain higher education foundations which utilize FASB standards were \$240.3 million. These deposits are not included in the balances reflected above.

### B. Investments

#### **Primary Government (Other than Pension and Other Employee Benefit Trust Funds)**

The investment policy of the State of Georgia is to maximize the protection of State funds on deposit while accruing an advantageous yield on those funds in excess of those required for current operating expenses (Official Code of Georgia Annotated [OCGA] 50-17-51).

Authorized pool investments are limited to the following in accordance with State statutes:

- 1) Obligations of the State of Georgia or of other states;
- 2) Obligations issued by the United States government;
- 3) Obligations fully insured or guaranteed by the United States government or a United States government agency;

- 4) Obligations of any corporation of the United States government;
- 5) Prime banker acceptances;
- 6) Repurchase Agreements;
- 7) Obligations of other political subdivisions of the State; and
- 8) Commercial paper issued by domestic corporations.

Authorized investments are subject to certain restrictions.

Pooled cash and cash equivalents and investments are grouped into portfolios for investment purposes according to the operating needs of the State of Georgia and other pool contributors.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 4 - Deposits and Investments (continued)

#### Pension and Other Employee Benefit Trust Funds

In accordance with Official Code of Georgia Annotated Public Retirement System Investment Authority Law, Public Retirement Systems may invest in the following:

- 1) United States or Canadian corporations or their obligations with limits as to the corporations' size and credit rating.
- 2) Repurchase and reverse repurchase agreements for direct obligations of the United States government and for obligations unconditionally guaranteed by agencies.
- 3) FDIC insured cash assets or deposits.
- 4) Bonds, notes, warrants, loans or other debt issued or guaranteed by the United States government.
- 5) Taxable bonds, notes, warrants or other securities issued and guaranteed by any state, the District of Columbia, Canada or any province in Canada.
- 6) Bonds, debentures or other securities issued or insured or guaranteed by an agency, authority, unit, or corporate body created by the government of the United States of America.
- 7) Investment grade collateralized mortgage obligations.
- 8) Obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation.
- 9) Bonds, debentures, notes and other evidence of indebtedness issued, assumed, or guaranteed by any solvent institution existing under the laws of the United States of America or of Canada, or any state or province thereof, which are not in default and are secured to a certain level.
- 10) Secured and unsecured obligations issued by any solvent institution existing under the laws of the United States of America or of Canada, or any state or province thereof, bearing interest at a fixed rate, with mandatory principal and interest due at a specified time with additional limits.
- 11) Equipment trust obligations or interests in transportation equipment, wholly or in part within the United States of America, and the right to receive determinated portions or related income.
- 12) Loans that are secured by pledge or securities eligible for investment.
- 13) Purchase money mortgages or like securities received upon the sale or exchange of real property acquired.
- 14) Secured mortgages or mortgage participation, pass-through, conventional pass-through, trust certificate, or other similar securities with restrictions.
- 15) Land and buildings on such land used or acquired for use as a fund's office for the convenient transaction of its own business with restrictions.
- 16) Real property and equipment acquired under various circumstances.

In addition, large retirement systems have restrictions as to the concentration of investments in corporations and equities and additional stipulations exist related to decreases in a fund's asset value.

#### Component Units

Component units follow applicable investing criteria described above for the primary government. Certain higher education foundations utilize FASB standards; therefore, only the June 30, 2009, balances are available as follows (in thousands):

	<b>Fair Value</b>
Alternative Strategies	\$ 243,971
Cash Held by Investment Organization	112,684
Certificates of Deposit	1,150
Corporate Bonds	147,741
Diversifying Strategies	59,287
Equity Securities	630,007
Government and Agency Securities	15,760
Fixed Income	10,156
Investment Pools	390,978
Joint Ventures/Partnerships	184
Money Market Accounts	69,241
Mutual Funds	30,335
Real Estate	95,183
Split-interest Investments	13,987
<b>Total Investments</b>	<b><u>\$ 1,820,664</u></b>

The component unit disclosures that follow do not include these balances.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 4 - Deposits and Investments (continued)

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

#### Primary Government (Other than Pension and Other Employee Benefit Trust Funds)

The State manages interest rate risk by attempting to match investments with expected cash requirements. Certificates of deposit may not have a term exceeding five years. The Director of OTFS may establish duration or maturity limitations for other investments. The following table provides information about the State's exposure to interest rate risk (in thousands).

	Total Fair Value	Maturity Period				
		Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Asset-Backed Securities	\$ 7,238	\$ -	\$ -	\$ 7,238	\$ -	\$ -
Banker's Acceptances	528,072	311,537	216,535	-	-	-
Corporate Debt						
Domestic	59,339	-	3,021	53,589	2,726	3
International Government						
Obligations	5,000	-	5,000	-	-	-
Mortgage-Backed Securities						
Commercial	24,469	-	-	-	4,650	19,819
Municipal Bonds	1,074	-	5	130	939	-
Mutual Funds - Debt	28,073	-	-	23,238	4,835	-
Repurchase Agreements	2,282,618	2,274,526	8,092	-	-	-
U. S. Agency Obligations	6,221,215	2,541,773	2,212,903	1,320,903	8,967	136,669
U. S. Treasury Obligations	144,534	10,542	74,399	46,440	10,995	2,158
Total Debt Securities	9,301,632	\$ 5,138,378	\$ 2,519,955	\$ 1,451,538	\$ 33,112	\$ 158,649
Equity Securities - Domestic	52,185					
Funds on Deposit with U. S.						
Treasure for Unemployment						
Compensation	586,334					
Mutual Funds - Equity	84,411					
Real Estate	6,076					
Real Estate Investment Trust	2,436					
<b>Total Investments</b>	<b>\$ 10,033,074</b>					



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 4 - Deposits and Investments (continued)

#### Pension and Other Employee Benefit Trust Funds Administered by Other than the Employees' and Teachers' Retirement Systems

The Public Retirement System Investment Authority Law does not address specific policies for managing interest rate risk.

The following table provides information about interest rate risks associated with these pension and other employee benefit trust funds' investments (in thousands).

	Total Fair Value	Maturity Period				
		Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Asset-Backed Securities						
Domestic	\$ 17,631	\$ -	\$ -	\$ 3,287	\$ 657	\$ 13,687
Corporate Debt						
Domestic	168,359	325	3,071	71,496	48,398	45,069
International	17,642	-	-	3,989	4,442	9,211
Mortgage-Backed Securities						
Commercial	36,128	-	207	-	2,907	33,014
Municipal Bonds	1,928	-	-	870	-	1,058
Mutual Funds - Debt*	493	493	-	-	-	-
Repurchase Agreements	1,390	1,390	-	-	-	-
U. S. Agency Obligations	156,953	146	26	26,115	16,028	114,638
U. S. Treasury Obligations	137,477	-	-	112,671	17,999	6,807
<b>Total Debt Securities</b>	<b>538,001</b>	<b>\$ 2,354</b>	<b>\$ 3,304</b>	<b>\$ 218,428</b>	<b>\$ 90,431</b>	<b>\$ 223,484</b>
Equity Securities						
Domestic	351,243					
International	23,405					
Mutual Funds - Equity	258,612					
Real Estate Investment Trust	559					
<b>Total Investments</b>	<b>\$ 1,171,820</b>					

\* Maturity period is weighted average maturity.

#### Pension and Other Employee Benefit Trust Funds Administered by the Employees' and Teachers' Retirement Systems

The Boards of the Employees' and Teachers' Retirement systems have elected to manage interest rate risk of these pension and other employee benefit trust funds using the effective duration method. This method is widely used in the management of fixed income portfolios and quantifies to a much greater degree the sensitivity to interest rate changes when analyzing a bond portfolio with call options, prepayment provisions, and any other cash flows. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows and is best utilized to gauge the effect of a change in interest rates on the fair value of a portfolio. It is believed that the reporting of effective duration found in the table to the right quantifies to the fullest extent possible the interest rate risk of the funds' fixed income assets (in thousands).

	Total Fair Value	Effective Duration (Years)
Corporate and Other Bonds	\$ 8,490,642	4.4
Repurchase Agreements	920,542	0.0
U. S. Agency Obligations	1,114,073	3.2
U. S. Treasury Obligations	13,552,296	5.2
<b>Total Debt Securities</b>	<b>24,077,553</b>	
Common Stock	30,590,365	
Mutual Funds - Equity	798,581	
<b>Total Investments</b>	<b>\$ 55,466,499</b>	



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 4 - Deposits and Investments (continued)

#### Component Units

The component units follow the applicable investing criteria described above for the primary government.

The component units' exposure to interest rate risk is presented below (in thousands):

	Total Fair Value	Maturity Period				
		Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Asset-Backed Securities	\$ 116,438	\$ -	\$ -	\$ 2,952	\$ -	\$ 113,486
Banker's Acceptances	3,728	3,728	-	-	-	-
Corporate Debt						
Domestic	90,678	-	35,204	50,341	4,663	470
International	12,867	-	101	9,591	3,124	51
International Government						
Obligations	1,780	-	248	1,532	-	-
Investment Agreements	34,581	-	-	-	-	34,581
Money Market Mutual Funds	75,227	-	75,227	-	-	-
Mortgage-Backed Securities						
Commercial	46,466	146	3,785	9,155	3,390	29,990
Municipal Bonds	54,537	-	51,245	584	-	2,708
Mutual Fund - Debt*	679	-	-	679	-	-
U. S. Agency Obligations	133,434	13,019	24,585	72,510	7,779	15,541
U. S. Treasury Obligations	403,330	20,960	96,368	140,127	73,674	72,201
<b>Total Debt Securities</b>	<b>973,745</b>	<b>\$ 37,853</b>	<b>\$ 286,763</b>	<b>\$ 287,471</b>	<b>\$ 92,630</b>	<b>\$ 269,028</b>
Equity Securities						
Domestic	23,256					
International	1,644					
Joint Venture	2,488					
Real Estate Investment Trust	3,867					
Mutual Funds - Equity	113,574					
<b>Total Investments</b>	<b>\$ 1,118,574</b>					

\* Maturity Period is weighted average maturity.

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment.

#### Primary Government (Other than Pension and Other Employee Benefit Trust Funds)

The State's investment policies include the following investing restrictions to manage credit risk:

- 1) Repurchase agreements and reverse repurchase agreements may be transacted only with authorized dealers and banks of a certain size with other restrictions requiring approval of the Director of OTFS.
- 2) Commercial paper issued by domestic corporations may carry ratings no lower than P-1 by Moody's Investors Service and A-1 by Standard & Poor's Corporation.
- 3) Prime bankers acceptances must carry the highest rating assigned to such investments by a nationally recognized rating agency.

- 4) Obligations issued by this State or its agencies or other political subdivisions of this State, if meeting statutory requirements, may be approved for investment by the Director of OTFS.
- 5) Obligations of domestic corporations must be rated investment grade or higher by a nationally recognized rating agency.
- 6) Direct obligations of the government of any foreign country and obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation must be rated A or higher by a nationally recognized rating agency.
- 7) Such other limitations as determined by the Director of OTFS necessary for the preservation of principal, liquidity, or marketability of any of the State's portfolios.





## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 4 - Deposits and Investments (continued)

The exposure of the primary government's debt securities to credit risk is indicated below (in thousands):

	Total Fair Value	AAA	AA	A	BAA	BBB	Not Rated
Asset-Backed Securities	\$ 7,238	\$ 7,238	\$ -	\$ -	\$ -	\$ -	\$ -
Banker's Acceptances	528,072	-	-	528,072	-	-	-
Corporate Debt							
Domestic	59,339	1,862	11,967	39,035	1,677	4,477	321
International Government							
Obligations	5,000	-	-	-	-	-	5,000
Mortgage-Backed Securities							
Commercial	24,469	23,938	-	531	-	-	-
Municipal Bonds	1,074	1,074	-	-	-	-	-
Mutual Funds - Debt	28,073	-	720	-	-	-	27,353
Repurchase Agreements	2,200,000	-	-	2,200,000	-	-	-
U. S. Agency Obligations	6,220,556	6,001,317	-	-	-	-	219,239
<b>Total Credit Risk - Investments</b>	<b>9,073,821</b>	<b>\$ 6,035,429</b>	<b>\$ 12,687</b>	<b>\$ 2,767,638</b>	<b>\$ 1,677</b>	<b>\$ 4,477</b>	<b>\$ 251,913</b>
U. S. Treasury Obligations	144,534						
U. S. Agency Obligations Explicitly Guaranteed	659						
Repurchase Agreements Backed by U. S. Treasury Obligations	82,618						
<b>Total Debt Securities</b>	<b>\$ 9,301,632</b>						

### Pension and Other Employee Benefit Trust Funds

The credit risk of pension and other employee benefit trust funds is managed by restricting investments to those authorized by the Public Retirement System Investment Authority Law described above and in Note 1. The

Boards of individual funds may elect to implement more restrictive policies. The pension and other employee benefit trust funds' debt securities exposure to credit risk is indicated below (in thousands):

	Total Fair Value	Asset- Backed Securities - Domestic	Corporate Debt		Mortgage- Backed Securities	Municipal Bonds	Mutual Funds - Debt	Repurchase Agreements	U. S. Agency Obligations
			Domestic	Inter- national					
AAA	\$ 2,229,605	\$ 4,694	\$ 962,277	\$ -	\$ 10,861	\$ 39	\$ 325	\$ -	\$ 1,251,409
AA	6,482,914	1,146	6,475,497	1,367	4,855	-	49	-	-
A	2,071,450	1,476	1,142,402	2,126	2,946	1,889	69	920,542	-
BAA	14,303	1,495	8,943	1,689	2,176	-	-	-	-
BA	4,172	2,157	-	-	2,015	-	-	-	-
BBB	78,700	716	61,029	12,326	4,599	-	30	-	-
BB	8,005	1,582	6,353	-	55	-	15	-	-
B	3,613	1,375	154	13	2,066	-	5	-	-
CAA	3,298	1,111	355	-	1,832	-	-	-	-
CA	569	-	-	-	569	-	-	-	-
CCC	1,257	266	23	-	968	-	-	-	-
CC	71	-	-	-	71	-	-	-	-
C	1,537	91	-	-	1,446	-	-	-	-
D	146	146	-	-	-	-	-	-	-
Unrated	19,129	1,376	1,967	121	1,669	-	-	1,390	12,606
<b>Total Credit Risk - Investments</b>	<b>10,918,769</b>	<b>\$ 17,631</b>	<b>\$ 8,659,000</b>	<b>\$ 17,642</b>	<b>\$ 36,128</b>	<b>\$ 1,928</b>	<b>\$ 493</b>	<b>\$ 921,932</b>	<b>\$ 1,264,015</b>
U. S. Treasury Obligations	13,689,773								
U. S. Agency Obligations Explicitly Guaranteed	7,012								
<b>Total Debt Securities</b>	<b>\$ 24,615,554</b>								





## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 4 - Deposits and Investments (continued)

#### Component Units

The component units follow the applicable investing criteria described above for the primary government. The exposure of the component units' debt securities to credit risk is indicated below (in thousands):

	Total Fair Value	AAA	AA	A	BBB	BB	B	CCC	Not Rated
Asset-backed Securities	\$ 116,438	\$ 116,254	\$ 47	\$ -	\$ -	\$ 51	\$ -	\$ 86	\$ -
Banker's Acceptances	3,728	-	-	3,728	-	-	-	-	-
Corporate Debt									
Domestic	90,678	9,825	17,949	44,580	2,098	15,435	791	-	-
International	12,867	6,010	3,608	2,351	898	-	-	-	-
International Government									
Obligations	1,780	1,780	-	-	-	-	-	-	-
Investment Agreements	34,581	22,659	11,922	-	-	-	-	-	-
Money Market Mutual Funds	75,227	61,329	-	-	-	-	-	-	13,898
Mortgage-backed Securities									
Commercial	46,466	44,327	106	755	-	-	366	-	912
Municipal Bonds	54,537	1,743	1,091	51,703	-	-	-	-	-
Mutual Fund - Debt	679	412	19	51	49	52	-	95	1
U. S. Agency Obligations	129,642	121,881	-	1,158	-	-	6,603	-	-
<b>Total Credit Risk</b>									
Investments	566,623	\$ 386,220	\$ 34,742	\$ 104,326	\$ 3,045	\$ 15,538	\$ 7,760	\$ 181	\$ 14,811
U. S. Treasury Obligations	403,330								
U. S. Agency Obligations - Explicitly Guaranteed	3,792								
<b>Total Debt Securities</b>	<b>\$ 973,745</b>								

#### Custodial Credit Risk – Investments

As indicated above, custodial credit risk is the risk that, in the event of a bank failure, the State's investments may not be recovered.

#### Primary Government (Other than Pension and Other Employee Benefit Trust Funds)

The State's investment policies include the following restrictions to manage custodial credit risk for investments:

- 1) Repurchase agreements must be collateralized by obligations of the United States and its subsidiary corporations and instrumentalities or entities sanctioned or authorized by the United States government having a market value of at least 102% of the investment. Collateral must be held by a third party custodian approved by the Director of OTFS and marked-to-market daily.
- 2) All certificates of deposit (CD's) must be secured by collateral permitted by statute. Surety bonds acceptable as security for CD's shall require approval by the State Depository Board with such

credit constraints or limitations it determines. Pledged securities shall be marked-to-market at least monthly with depositories required to initially pledge to OTFS, and thereafter maintain upon notification of any shortfall, collateral having a market value equal to 110% of CD's. At June 30, 2009, \$277.8 million of the State's investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

#### Pension and Other Employee Benefit Trust Funds

The custodial credit risk of pension and other employee benefit trust funds is managed by restricting investments to those authorized by the Public Retirement System Investment Authority Law described above and in Note 1. At June 30, 2009, \$697.1 million of the pension and other employee benefit trust funds' investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 4 - Deposits and Investments (continued)

#### Component Units

The component units follow the applicable investing criteria described above for the primary government. At June 30, 2009, \$105.6 million of the component units' investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer.

#### Primary Government (Other than Pension and Other Employee Benefit Trust Funds)

The State does not have a formally adopted policy for managing concentration of credit risk. At June 30, 2009, more than 5 percent of the primary government's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented 83.9 percent of total investments.

#### Pension and Other Employee Benefit Trust Funds

The concentration of credit risk policy of pension and other employee benefit trust funds limits investments to

no more than 5 percent of total net assets in any one corporation. At June 30, 2009, no more than 5 percent of the pension and other employee benefit trust fund's total investments were investments in any single issuer.

#### Component Units

The component units follow the applicable investing criteria described above for the primary government. At June 30, 2009, more than 5 percent of the component units' total investments were investments in securities of U. S. Agencies not explicitly guaranteed by the U. S. government. These investments represented 11.6 percent, respectively of total investments.

### C. Investment in Direct Financing Lease

On November 1, 2008, the Georgia Higher Education Facilities Authority entered into a lease with the lessee being the USG Real Estate Foundation, Inc., LLC, for several projects located on campuses across the State of Georgia with the Board of Regents of the University System of Georgia for \$99.9 million. As of June 30, 2009, the estimated annual payments to be received under this lease are as follows:

	Principal	Interest	Total
2010	\$ -	\$ 5,617	\$ 5,617
2011	460	5,617	6,077
2012	545	5,599	6,144
2013	680	5,577	6,257
2014	830	5,550	6,380
2015-2019	6,715	27,098	33,813
2020-2024	12,345	24,945	37,290
2025-2029	17,315	21,172	38,487
2030-2034	23,070	15,411	38,481
2035-2039	30,645	7,838	38,483
2040	7,250	453	7,703
<b>Total Investment</b>	<b>\$ 99,855</b>	<b>\$ 124,877</b>	<b>\$ 224,732</b>

### D. Investments Lending Program

The State is presently involved in securities lending programs with major brokerage firms. The State lends

equity and fixed income securities for varying terms and receives a fee based on the loaned securities' value. During a loan, the State continues to receive dividends and interest as the owner of the loaned securities.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 4 - Deposits and Investments (continued)

#### Primary Government

In the primary government's securities lending agreement, securities are transferred to an independent broker in exchange for collateral in the form of cash and/or securities issued by the U. S. Treasury or its agencies. The collateral value must be equal to at least 100% to 102% of the loaned securities value, depending on the type of collateral security.

Securities loaned totaled \$479 million at June 30, 2009, and the collateral value was equal to 102%. The loaned securities are in the accompanying note disclosures based on the custodial arrangements for the collateral securities.

Loaned securities are included in the accompanying Statement of Net Assets because the State maintains ownership. The related collateral securities are not recorded as assets on the Statement of Net Assets, and a corresponding liability is not recorded, since the State does not pledge or trade the collateral securities.

#### Pension and Other Employee Benefit Trust Funds

In the pension and other employee benefit trust funds securities lending agreements, the brokerage firms pledge collateral securities consisting of U. S. Government and agency securities, mortgage-backed securities issued by a U. S. Government agency, and U. S. corporate bonds. The collateral value must be equal to at least 102% to 110% of the loaned securities value, depending on the type of collateral security.

Securities loaned totaled \$ 15.5 billion at June 30, 2009, and the collateral value was equal to 105.8%. The loaned securities are in the accompanying note disclosures based on the custodial arrangements for the collateral securities. Loaned securities are included in the accompanying Statement of Net Assets because the State maintains ownership. The related collateral securities are not recorded as assets on the Statement of Net Assets, and a corresponding liability is not recorded, since the State does not pledge or trade the collateral securities.

#### E. Other Investments

The State's Unemployment Compensation Fund monies are required by the Social Security Act to be invested in the U. S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the SEC. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

The Commissioner of the Department of Agriculture is

directed by statute to require dealers in certain agricultural products and livestock to make and deliver to the Department a surety or cash bond to secure the faithful accounting for and payment to producers of the proceeds of agricultural products or livestock handled or sold by the dealer. Cash bonds are required to designate the Department as trustee of the funds and may take the form of certificates of deposit, letters of credit, money orders or cashiers' checks. At June 30, 2009, the Department held surety bonds in the amount of \$36.8 million, and cash bonds in the amount of \$14.8 million. These bonds are not recorded on the Balance Sheet.

Securities are held by the Commissioner of Insurance pursuant to statutes that require licensed insurance companies to deposit securities prior to issuance of a certificate of authority to transact insurance. These securities remain in the name of the licensed insurance company as long as the company has a pending claim in the State of Georgia or until a proper order of a court of competent jurisdiction has been issued to the receiver, conservator, rehabilitator, or liquidator of the insurer or to any other properly designated official or officials who succeed to the management and control of the insurer's assets. The purchase and redemption of such securities are allowed as long as the required levels of deposits are maintained. At June 30, 2009, securities valued at \$229.6 million were held by the Department of Insurance. These securities are not recorded on the Balance Sheet.

Statutes require that surety bonds be provided for State public works contracts. The Department of Transportation holds surety bonds in the amount of \$14.2 billion for construction performance to ensure proper completion and complete performance of construction contracts, and \$15.5 billion for construction payment to ensure that payments are made by the general contractor to all subcontractors. These bonds are not recorded on the Balance Sheet.

For any organization that elects to assume the liability for unemployment compensation payments in lieu of making contributions to the Unemployment Compensation Fund, the Commissioner of the Department of Labor is authorized by statute to require such organization to execute and file with the Commissioner a cash deposit or surety bond. Cash deposits are held on behalf of such organizations in the Department's name, and are reported as agency funds. At June 30, 2009, the Department held surety bonds in the amount of \$52 million. These bonds are not recorded on the Statement of Net Assets.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 4 - Deposits and Investments (continued)

#### F. Investment Pools

Separate reports on the State's external investment pools are not issued. Condensed financial statements, inclusive of external and internal participants for the fiscal year ended June 30, 2009, and related risk disclosures for investments are as follows:

##### Georgia Fund 1

The Primary Liquidity portfolio is a stable net asset value investment pool that follows Standard and Poor's criteria for AAAM rated money market funds. The pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

<u>Georgia Fund 1</u> <u>Statement of Net Assets</u> <u>June 30, 2009</u> (in thousands)	
<b><u>Assets</u></b>	
Cash and Cash Equivalents	\$ 5,816,365
Investments	5,252,212
Net Assets	<u>\$ 11,068,577</u>
<b><u>Distribution of Net Assets</u></b>	
External Participant Account Balances	\$ 6,425,481
Internal Participant Account Balances	4,643,096
Total Net Assets	<u>\$ 11,068,577</u>

<u>Georgia Fund 1</u> <u>Statement of Changes in Net Assets</u> <u>For the Fiscal Year Ended June 30, 2009</u> (in thousands)	
<b><u>Additions</u></b>	
Pool Participant Deposits	\$ 32,126,260
Investment Income	
Interest	155,760
Less: Investment Expense	(2,761)
Total Additions	<u>32,279,259</u>
<b><u>Deductions</u></b>	
Pool Participant Withdrawals	32,851,899
Net Decrease	<u>(572,640)</u>
<b><u>Net Assets</u></b>	
July 1, 2008	<u>11,641,217</u>
June 30, 2009	<u>\$ 11,068,577</u>

#### Deposits

Because the State does not maintain separate bank accounts for Georgia Fund 1, separate custodial credit risk disclosures for the Fund's deposits cannot be presented. The carrying amount of the Fund's deposits as of June 30, 2009, was \$3.9 billion. This amount is included in the deposit disclosures of the Primary Government.

#### Investments

Georgia Fund 1 follows applicable investing criteria and investment risk management policies described above for

the primary government. In addition, fund managers restrict investments of the Fund in order to maintain the Standard and Poor's AAAM rating.

#### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Fund's investments are presented below (in thousands):

		<u>Maturity Period</u>		<u>Range of Yields</u>
	Total Fair Value	Less than 3 Months	4 - 12 Months	
Banker's Acceptances	\$ 528,072	\$ 311,537	\$ 216,535	.300% - 1.613%
Repurchase Agreements	2,200,000	2,200,000	-	.100% - .280%
U. S. Agency Obligations	4,449,106	2,512,728	1,936,378	.160% - .854%
<b>Total Investments</b>	<b>\$ 7,177,178</b>	<b>\$ 5,024,265</b>	<b>\$ 2,152,913</b>	



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 4 - Deposits and Investments (continued)

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The exposure of the Fund's debt securities to credit risk is indicated below (in thousands):

	Total Fair Value	Credit Rating	
		AAA	A
Banker's Acceptances	\$ 528,072	\$ -	\$ 528,072
Repurchase Agreements	2,200,000	-	2,200,000
U. S. Agency Obligations	4,449,106	4,449,106	-
	<u>\$ 7,177,178</u>	<u>\$ 4,449,106</u>	<u>\$ 2,728,072</u>

#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer. At June 30, 2009, more than 5 percent of the Fund's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented 92.6 percent of total investments.

#### Georgia Extended Asset Pool

The Extended Term Portfolio is a variable net asset value investment pool that follows Standard and Poor's criteria for AAAf money market rated funds. The pool is not registered with the SEC as an investment company.

Georgia Extended Asset Pool Statement of Net Assets June 30, 2009 (in thousands)		Georgia Extended Asset Pool Statement of Changes in Net Assets For the Fiscal Year Ended June 30, 2009 (in thousands)	
<b>Assets</b>		<b>Additions</b>	
Cash and Cash Equivalents	\$ 49,412	Pool Participant Deposits	\$ 244,600
Investments	309,511	Investment Income	
Net Assets	<u>\$ 358,923</u>	Interest	21,145
		Fair Value Increases	7,333
		Less: Investment Expense	(261)
<b>Distribution of Net Assets</b>		Total Additions	<u>272,817</u>
External Participant Account Balances	\$ 129,299	<b>Deductions</b>	
Internal Participant Account Balances	229,624	Pool Participant Withdrawals	868,687
Total Net Assets	<u>\$ 358,923</u>	Net Decrease	<u>(595,870)</u>
		<b>Net Assets</b>	
		July 1, 2008	<u>954,793</u>
		June 30, 2009	<u>\$ 358,923</u>

#### Deposits

Because the State does not maintain separate bank accounts for Georgia Extended Asset Pool, separate custodial credit risk disclosures for the Pool's deposits cannot be presented. The carrying amount of the Pool's deposits as of June 30, 2009, was \$49.4 million. This amount is included in the deposit disclosures of the Primary Government.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 4 - Deposits and Investments (continued)

#### Investments

Georgia Extended Asset Pool follows applicable investing criteria and investment risk management policies described above for the primary government. In addition, the fund managers restrict investments of the Pool in order to maintain the Standard and Poor's AA+ rating.

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Pool's investments are presented below (in thousands):

	Total Fair Value	Maturity Period		Range of Yields
		4 - 12 Months	1 - 5 Years	
Repurchase Agreements	\$ -	\$ -	\$ -	1.105% - 5.122%
U. S. Agency Obligations	309,511	140,077	169,434	
U. S. Treasury Obligations	-	-	-	
<b>Total Investments</b>	<b>\$ 309,511</b>	<b>\$ 140,077</b>	<b>\$ 169,434</b>	

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The exposure of the Pool's debt securities to credit risk is indicated below (in thousands):

	Total Fair Value	Credit Rating AAA
Repurchase Agreements	\$ -	\$ -
U. S. Agency Obligations	309,511	309,511
	<b>\$ 309,511</b>	<b>\$ 309,511</b>

#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer. At June 30, 2009, all of the Pool's investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 4 - Deposits and Investments (continued)

#### Regents Investment Pool

The Regents Investment Pool is not registered with the SEC as an investment company.

<u>Regents Investment Pool</u>	
<u>Statement of Net Assets</u>	
<u>June 30, 2009</u>	
(dollars in thousands)	
<b><u>Assets</u></b>	
Investments	\$ 169,216
Interest Receivable	(62)
Net Assets	<u>\$ 169,154</u>
<b><u>Distribution of Net Assets</u></b>	
External Participant Account Balances	11,271
Internal Participant Account Balances	157,883
Total Net Assets	<u>\$ 169,154</u>

<u>Regents Investment Pool</u>	
<u>Statement of Changes in Net Assets</u>	
<u>For the Fiscal Year Ended June 30, 2009</u>	
(dollars in thousands)	
<b><u>Additions</u></b>	
Pool Participant Deposits	\$ 60,896
Investment Income	
Interest	6,836
Fair Value Decreases	(12,917)
Less: Investment Expense	(393)
Total Additions	<u>54,422</u>
<b><u>Deductions</u></b>	
Pool Participant Withdrawals	<u>84,189</u>
Net Increase	(29,767)
<b><u>Net Assets</u></b>	
July 1, 2008	<u>198,921</u>
June 30, 2009	<u>\$ 169,154</u>

#### **Deposits**

Because the State does not maintain separate bank accounts for Regents Investment Pool, separate custodial credit risk disclosures for the Pool's deposits cannot be presented. The carrying amount of the Pool's deposits as of June 30, 2009, was (\$62) thousand. This amount is included in the deposit disclosures of the Primary Government.

Board of Regents policy and applicable federal and state law. The individual funds of the Pool provide various restrictions on the types of investments allowed.

#### **Investments**

The Regents Investment Pool policy guidelines indicate that all investments must be consistent with donor intent,

#### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Pool's funds policy guidelines restrict average maturities of their holdings. The Pool's investments are presented in the following table (in thousands):

	<b>Total Fair Value</b>	<b>Maturity Period</b>		
		<b>Less than 1 Year</b>	<b>1 - 5 Years</b>	<b>6 - 10 Years</b>
Mutual Bond Fund	\$ 27,294	\$ -	\$ 22,818	\$ 4,476
Repurchase Agreements	6,438	6,438	-	-
U. S. Agency Obligations	92,686	74,507	16,776	1,403
U. S. Treasury Obligations	<u>2,750</u>	<u>-</u>	<u>1,962</u>	<u>788</u>
Total Debt Securities	129,168	<u>\$ 80,945</u>	<u>\$ 41,556</u>	<u>\$ 6,667</u>
Equity Securities				
Domestic	-			
Mutual Funds - Equity	38,658			
Real Estate Investment Fund	<u>1,390</u>			
<b>Total Investments</b>	<u><b>\$ 169,216</b></u>			





## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 4 - Deposits and Investments (continued)

#### ***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Pool's funds policy guidelines require that holdings, except for those of the Diversified Fund must be eligible investments under OCGA 50-17-63. Portfolios of debt security funds also must meet the eligible investment criteria under the same code section. The Diversified Fund is permitted to invest in noninvestment grade debt issues up to a limit of 15% of the entire fund. At June 30, 2009, the Pool's applicable U. S. Agency Obligations and Mutual Bond Fund were unrated.

#### ***Custodial Credit Risk – Investments***

As indicated above, custodial credit risk is the risk that, in the event of a bank failure, the State's investments may not be recovered. The Regents Investment Pool's policy for managing custodial credit risk is to 1) appoint a federally regulated banking institution as custodian, 2)

require that all securities transactions be settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or the Federal Reserve, and 3) require that repurchase agreements be collateralized by U. S. Treasury securities at 102% of the market value of the investment at all times. At June 30, 2009, \$101.9 million of the Regents Investment Pool's holdings were uninsured and held by the custodian bank or a depository institution in the State's name.

#### ***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer. The Regents Investment Pool's policy for managing concentration of credit risk is to diversify to the extent that any single issuer (other than U. S. government obligations) shall be limited to 5 percent of the market value in a particular Pool Fund. At June 30, 2009 more than 5 percent of the Pool's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented 53.8 percent of total investments.





## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 5 - Receivables

Receivables at June 30, 2009 consisted of the following (in thousands):

	Taxes	Notes and Loans	Other	Due from Component Units	Inter- governmental Receivables	Advances to Component Units	Gross Receivables	Allowance for Uncollectibles	Total Receivables (Net)
<b>Governmental Activities:</b>									
General Fund	\$ 1,531,282	\$ 12,544	\$ 436,032	\$ 43,665	\$ 1,223,281	\$ -	\$ 3,246,804	\$ (18,846)	\$ 3,227,958
Nonmajor Governmental Funds	-	-	1,155	-	-	-	1,155	-	1,155
Total - Governmental Funds	1,531,282	12,544	437,187	43,665	1,223,281	-	3,247,959	(18,846)	3,229,113
Government-wide adjustments:									-
Internal Service Funds	-	-	45,203	316	36	-	45,555	-	45,555
Fiduciary Receivables	-	-	-	-	-	-	-	-	-
Total - Governmental Activities	<u>\$ 1,531,282</u>	<u>\$ 12,544</u>	<u>\$ 482,390</u>	<u>\$ 43,981</u>	<u>\$ 1,223,317</u>	<u>\$ -</u>	<u>\$ 3,293,514</u>	<u>\$ (18,846)</u>	<u>\$ 3,274,668</u>
<b>Business-Type Activities:</b>									
Higher Education Fund	\$ -	\$ 49,215	\$ 185,879	\$ 111,419	\$ 98,215	\$ -	\$ 444,728	\$ (17,168)	\$ 427,560
State Employees'									
Health Benefit Plan	-	-	64,244	-	-	-	64,244	(3,926)	60,318
Unemployment									
Compensation Fund	-	-	146,067	-	17,565	-	163,632	(13,567)	150,065
State Road and									
Tollway Authority	-	-	94	-	-	-	94	(7)	87
Georgia Higher Education									
Facilities Authority	-	-	238	-	-	-	238	-	238
Internal Service Funds	-	-	-	-	-	-	-	-	-
Total - Business-Type Activities	<u>\$ -</u>	<u>\$ 49,215</u>	<u>\$ 396,522</u>	<u>\$ 111,419</u>	<u>\$ 115,780</u>	<u>\$ -</u>	<u>\$ 672,936</u>	<u>\$ (34,668)</u>	<u>\$ 638,268</u>
<b>Component Units:</b>									
Georgia Environmental									
Facilities Authority	\$ -	\$ 1,455,164	\$ 21,949	\$ -	\$ -	\$ 3,085	\$ 1,480,198	-	\$ 1,480,198
Georgia Housing and									
Finance Authority	-	307,704	733	-	-	-	308,437	(2,150)	306,287
Georgia Lottery Corporation	-	-	126,061	-	-	-	126,061	(3,279)	122,782
Georgia Tech									
Foundation, Incorporated	-	1,184	217,081	-	-	-	218,265	-	218,265
Nonmajor Component Units	412	279,108	1,243,872	993	1,975	15,943	1,542,303	(1,355)	1,540,948
Total - Component Units	<u>\$ 412</u>	<u>\$ 2,043,160</u>	<u>\$ 1,609,696</u>	<u>\$ 993</u>	<u>\$ 1,975</u>	<u>\$ 19,028</u>	<u>\$ 3,675,264</u>	<u>\$ (6,784)</u>	<u>\$ 3,668,480</u>



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 5 – Receivables (continued)

Restricted Assets – Receivables at June 30, 2009 consisted of the following (in thousands):

	Notes and Loans	Other	Gross Receivables	Allowance for Uncollectible	Total Receivables (Net)
<b>Component Units:</b>					
Georgia Housing and Finance Authority	\$ 610,588	\$ 6,334	\$ 616,922	\$ -	\$ 616,922
Geo. L. Smith II Georgia World Congress Center Authority	-	106	106	-	106
<b>Total - Component Units</b>	<b>\$ 610,588</b>	<b>\$ 6,440</b>	<b>\$ 617,028</b>	<b>\$ -</b>	<b>\$ 617,028</b>



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 6 - Capital Assets

#### Primary Government

Capital asset activity for the year ended June 30, 2009, was as follows (in thousands):

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
<b>Governmental Activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 2,570,400	\$ 197,480	\$ 17,911	\$ 2,749,969
Works of Art and Collections	1,326	-	-	1,326
Construction in Progress	4,607,139	3,080,434	2,624,579	5,062,994
Total Capital Assets, Not Being Depreciated	<u>7,178,865</u>	<u>3,277,914</u>	<u>2,642,490</u>	<u>7,814,289</u>
<b>Capital Assets, Being Depreciated:</b>				
Infrastructure	19,097,644	1,281,096	-	20,378,740
Buildings	3,025,561	126,410	87,061	3,064,910
Improvements Other Than Buildings	78,218	2,383	944	79,657
Machinery and Equipment	889,517	36,227	42,156	883,588
Software	186,612	8,574	6,094	189,092
Works of Art and Collections	620	-	-	620
Total Capital Assets, Being Depreciated	<u>23,278,172</u>	<u>1,454,690</u>	<u>136,255</u>	<u>24,596,607</u>
<b>Less Accumulated Depreciation For:</b>				
Infrastructure	9,506,975	867,649	-	10,374,624
Buildings	1,171,648	73,523	72,341	1,172,830
Improvements Other Than Buildings	40,055	2,926	-	42,981
Machinery and Equipment	623,251	53,987	28,706	648,532
Software	119,865	18,062	6,379	131,548
Works of Art and Collections	145	20	-	165
Total Accumulated Depreciation	<u>11,461,939</u>	<u>1,016,167</u>	<u>107,426</u>	<u>12,370,680</u>
Total Capital Assets, Being Depreciated, Net	<u>11,816,233</u>	<u>438,523</u>	<u>28,829</u>	<u>12,225,927</u>
<b>Governmental Activities Capital Assets, Net</b>	<u><b>\$ 18,995,098</b></u>	<u><b>\$ 3,716,437</b></u>	<u><b>\$ 2,671,319</b></u>	<u><b>\$ 20,040,216</b></u>



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 6 - Capital Assets (continued)

#### Primary Government (continued)

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
<b>Business-Type Activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 245,556	\$ 32,125	\$ 100	\$ 277,581
Works of Art and Collections	33,605	5,903	19	39,489
Construction in Progress	315,155	180,891	276,111	219,935
Total Capital Assets, Not Being Depreciated	<u>594,316</u>	<u>218,919</u>	<u>276,230</u>	<u>537,005</u>
<b>Capital Assets, Being Depreciated:</b>				
Infrastructure	223,623	12,346	876	235,093
Buildings	5,990,695	636,938	32,045	6,595,588
Improvements Other Than Buildings	288,866	30,982	523	319,325
Machinery and Equipment	2,155,277	557,543	84,017	2,628,803
Software	1,126	-	-	1,126
Library Collections	683,248	36,558	2,863	716,943
Works of Art and Collections	1,468	43	-	1,511
Total Capital Assets, Being Depreciated	<u>9,344,303</u>	<u>1,274,410</u>	<u>120,324</u>	<u>10,498,389</u>
<b>Less Accumulated Depreciation For:</b>				
Infrastructure	60,472	6,915	(865)	68,252
Buildings	1,685,903	158,492	11,185	1,833,210
Improvements Other Than Buildings	120,786	8,681	242	129,225
Machinery and Equipment	957,383	151,482	69,337	1,039,528
Software	371	168	-	539
Library Collections	511,097	32,145	2,237	541,005
Works of Art and Collections	474	34	1	507
Total Accumulated Depreciation	<u>3,336,486</u>	<u>357,917</u>	<u>82,137</u>	<u>3,612,266</u>
Total Capital Assets, Being Depreciated, Net	<u>6,007,817</u>	<u>916,493</u>	<u>38,187</u>	<u>6,886,123</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u><b>\$ 6,602,133</b></u>	<u><b>\$ 1,135,412</b></u>	<u><b>\$ 314,417</b></u>	<u><b>\$ 7,423,128</b></u>



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 6 - Capital Assets (continued)

#### Primary Government (continued)

Current period depreciation expense was charged to functions of the primary government as follows (in thousands):

Governmental Activities		Business-Type Activities	
General Government	\$ 9,627	Higher Education Fund	\$ 357,196
Education	1,410	State Road and Tollway Authority	721
Health and Welfare	19,995	Depreciation Expense - Business-Type Activities	<u>\$ 357,917</u>
Transportation	876,429		
Public Safety	49,096		
Economic Development	19,531		
Culture and Recreation	11,206		
Conservation	4,516		
Internal Service Funds			
(Depreciation on capital assets held by the state's internal service funds are charged to the various functions based on their usage of the assets)	<u>24,357</u>		
Depreciation Expense - Governmental Activities	<u>\$ 1,016,167</u>		

#### Component Units

Capital asset activity for the year ended June 30, 2009, was as follows (in thousands):

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 305,910	\$ 15,504	\$ 2,666	\$ 318,748
Works of Art and Collections	993	20	-	1,013
Construction in Progress	171,442	270,087	168,575	272,954
Total Capital Assets, Not Being Depreciated	<u>478,345</u>	<u>285,611</u>	<u>171,241</u>	<u>592,715</u>
<b>Capital Assets, Being Depreciated:</b>				
Infrastructure	195,757	22,560	3,496	214,821
Buildings	898,144	27,865	565	925,444
Improvements Other Than Buildings	340,665	44,527	809	384,383
Machinery and Equipment	597,846	106,293	16,289	687,850
Software	1,867	464	-	2,331
Works of Art and Collections	71	-	-	71
Total Capital Assets, Being Depreciated	<u>2,034,350</u>	<u>201,709</u>	<u>21,159</u>	<u>2,214,900</u>
<b>Less Accumulated Depreciation For:</b>				
Infrastructure	77,787	5,428	3,496	79,719
Buildings	317,080	24,343	251	341,172
Improvements Other Than Buildings	128,423	14,660	100	142,983
Machinery and Equipment	397,993	46,741	12,150	432,584
Works of Art and Collections	4	1	-	5
Total Accumulated Depreciation	<u>921,287</u>	<u>91,173</u>	<u>15,997</u>	<u>996,463</u>
<b>Component Units Capital Assets, Net</b>	<u><b>\$ 1,591,408</b></u>	<u><b>\$ 396,147</b></u>	<u><b>\$ 176,403</b></u>	<u><b>\$ 1,811,152</b></u>



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 6 - Capital Assets (continued)

#### Component Units (continued)

Certain higher education foundations and other similar organizations utilize FASB standards; therefore, only the June 30, 2009, balances are available as follows (in thousands):

Capital Assets Not Being Depreciated:	
Land	\$ 55,526
Construction in Progress	35,861
Total Capital Assets, Not Being Depreciated	<u>91,387</u>
 Capital Assets Being Depreciated:	
Buildings	337,950
Machinery and Equipment	27,232
Total Capital Assets Being Depreciated	<u>365,182</u>
 Less: Accumulated Depreciation	<u>(61,540)</u>
 Capital Assets, Net (FASB presentation)	<u>395,029</u>
  Total Capital Assets, Net - All Component Units	<u><u>\$ 2,206,181</u></u>



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 7 - Risk Management

#### A. Public Entity Risk Pool

The Department of Community Health administers the States Health Benefit Plan for the State. Participants include State agencies, component units, participating county governments and local educational agencies. This plan is funded by participating employer and employee contributions and appropriations from the General Assembly of Georgia. The Department of Community Health has contracted with Blue Cross Blue Shield of Georgia, Cigna, United Health Care and Express Scripts to process claims in accordance with the State Health Benefit Plan as established by the Board of Community Health.

#### B. Board of Regents Employee Health Benefits Plan

The Board of Regents of the University System of Georgia maintains a program of health benefits for its employees and retirees. This plan is funded jointly through premiums paid by participants covered under the plan and employer contributions paid by the Board of Regents and its organizational units. All units of the University System of Georgia share the risk of loss for claims of the plan.

The Board of Regents has contracted with Blue Cross Blue Shield of Georgia to process all claims in accordance with guidelines as established by the Board of Regents. Express Scripts was the administrator of the prescription drug plan through December 31, 2008. Effective January 1, 2009 the prescription drug plan is administered through Medco Health Solutions.

#### C. Other Risk Management

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of administering the risk management funds of the State and making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS services claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' and teachers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks. Premiums for the risk management program are charged to State organizations by DOAS to provide claims servicing and claims payment.

Charges by the workers' compensation risk management fund to other funds have failed to recover the full cost of claims over a reasonable period of time. Therefore, the unadjusted deficit at June 30, 2009, of \$356.7 million was charged back to the contributing funds. Expenditures of \$246.2 million are reported in the general fund, and expenses of \$74.9 million are reported in the Higher Education (enterprise) Fund relating to this charge-back.

#### D. Claims Liabilities

A reconciliation of total claims liabilities for fiscal years ended June 30, 2009, and 2008, is shown below (in thousands):

	<b>Public Entity Risk Pool</b>		<b>Board of Regents Employee Health Benefits Plan</b>		<b>Risk Management Fund</b>	
	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2008
Unpaid Claims and Claim Adjustments July 1	\$ 200,353	\$ 179,907	\$ 24,049	\$ 27,147	\$ 415,752	\$ 342,358
Current Year Claims and Changes in Estimates	2,095,327	1,804,921	224,199	204,893	292,202	224,673
Claims Payments	(2,083,521)	(1,784,475)	(226,420)	(207,991)	(190,738)	(151,279)
<b>Unpaid Claims and Claim Adjustments June 30</b>	<b>\$ 212,158</b>	<b>\$ 200,353</b>	<b>\$ 21,828</b>	<b>\$ 24,049</b>	<b>\$ 517,215</b>	<b>\$ 415,752</b>



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 8 - Contingencies and Commitments

#### A. Grants and Contracts

Amounts received or receivable from grantor agencies are subject to audit and review by grantor agencies, principally the Federal government. This could result in a request for reimbursement by the grantor agency for any expenditures which are disallowed under grant terms. Also, certain charges for services by the Georgia Technology Authority (internal service fund) to its State customers may have exceeded the cost of providing such services. Because these overcharges were included in amounts requested and received by State organizations from the Federal government under financial assistance programs, it is anticipated that an amount will be due back to the Federal government. The State believes that such disallowances, questioned costs and resulting refunds, if any, will be immaterial to its overall financial position.

#### B. Litigation

The State is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine governmental operations. The ultimate disposition of these proceedings is not presently determinable. However, the ultimate disposition of these proceedings would not have a material adverse effect on the financial condition of the State, with the following exceptions:

##### Primary Government

A suit was filed in July 2007 against the Department of Revenue asserting a claim for the Port Tax Credit. The plaintiff asserts that its increase in imports through Georgia ports during the tax years 2002 through 2004 inclusive qualifies the plaintiff to receive a credit-based income tax refund. The total credit claimed is in excess of \$50 million, although the amount of refund for each taxable year is capped with excess credits carrying forward to subsequent tax years. The State has answered the complaint asserting that the plaintiff does not satisfy the statutory requirements to qualify for the credit. Discovery in this case is complete and the parties anticipate filing a consent scheduling order and cross-motions for summary judgment on stipulated facts.

A suit was filed in Fulton County Superior Court in September 2007, against the Department of Revenue, seeking a sales tax refund of \$10 million. It involves a legal issue decided in the Department's favor in a previous case which was filed December 2, 2005 to obtain a \$2 million refund. The plaintiff's application for discretionary appeal in the first lawsuit was denied by the Georgia Court of Appeals. The issues in second case are fully briefed, and we are awaiting a decision on the Department's motion to dismiss.

A suit has been filed against the Georgia Department of Transportation (GDOT) by a plaintiff alleging three breach of contract causes of action, two related to price escalations of asphalt both prior to and subsequent to the original completion date, and the third alleging the failure to pay an outstanding contract balance for work performed by a completion contractor. The plaintiff also alleges a claim under the Prompt Payment Act. The case is currently in discovery. Plaintiffs have not stated a final claim amount but preliminary indications of potential damages sought are approximately \$9 million.

The Georgia Department of Transportation is the condemnor in numerous pending property condemnation lawsuits which are at various stages of procedure. It is currently not reasonable to evaluate the potential loss on a case by case basis. Based on historical trend analysis, it is reasonably possible that certain of the numerous lawsuits will be found in favor of the condemnees and that GDOT will be bound to pay additional sums awarded by the judgments over the amount estimated by GDOT and paid into court when GDOT filed the condemnation. It is believed additional awards of the pending condemnation lawsuits, in the aggregate, could be between \$75 million and \$100 million.

A state employee and certain teachers have brought separate law suits challenging steps the State has taken to manage expenditures relative to reduced revenues. In one case, several school teachers contend that: (i) a statutory amendment making the payment of monetary incentives to teachers for achieving national certification "subject to appropriations" of funding for such incentive payments and (ii) any subsequent reductions in the appropriations are unconstitutional. In another case, a state employee seeks class certification and contends that state employees were entitled under state law to a general salary increase of 2½% for the latter half of fiscal year 2009 on the basis of initial appropriations (later reduced). Both cases are pending in the Superior Court of Fulton County and are in the initial stages of litigation. The State's position is that the statute challenged in the first case described above is constitutional; that the actions of the defendants in both cases were within their lawful authority, and that the plaintiffs in both cases are not entitled to any relief.

A class action lawsuit filed in June 2002, on behalf of 2,200 children in State custody asserted systemic deficiencies in foster care in Fulton and DeKalb counties. A consent decree was entered wherein the Department of Human Resources (DHR) agreed to make a number of specific system-wide management and infrastructure reforms. The District Court appointed two independent accountability agents to monitor DHR's progress and





## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 8 - Contingencies and Commitments (continued)

awarded attorneys' fees to the plaintiffs in the amount of \$10.5 million. DHR appealed the award of attorneys' fees to the Eleventh Circuit Court of Appeals. In July, 2008, the Court of Appeals affirmed the entire award. However, the majority opinion noted that the panel affirmed the \$4.5 million multiplier applied by the district court because they were bound by Eleventh Circuit precedent which may conflict with that of the United States Supreme Court. In light of the tone of the majority and concurring opinions, DHR filed a petition for rehearing en banc in the Eleventh Circuit which was denied on November 5, 2008. On April 6, 2009, the U.S. Supreme Court granted the State's petition for certiorari on the award of attorney's fees in this case, and oral argument was conducted before the Supreme Court on October 14, 2009. A decision in this case is not expected until mid 2010.

#### C. Guarantees and Financial Risk

##### Component Units

The Federal Government, through the Guaranteed Student Loan Programs of the U. S. Department of Education, fully reinsured loans guaranteed through September 30, 1993, unless the State's rate of annual losses (defaults) exceeded five percent (5%). In the event of future adverse loss experience, the State could be liable for up to (1) 20% of the outstanding balance of loans in repayment status at the beginning of each year which were disbursed prior to October 1, 1993, and (2) 22% of the outstanding balance of loans in repayment status at the beginning of each year which were disbursed on or after October 1, 1993.

The Georgia Student Finance Authority (the Authority) has guarantees with certain lenders under a loan servicing agreement to repurchase loans on which the federal guarantee is lost and on which a cure is not established within one year of guarantee loss. Effective May 1, 2007 the Authority's loan servicing agreement ended with one particular lender whose portfolio was approximately \$154.4 million at the time. The Authority is no longer servicing these loans; however the Authority's guarantee is still in effect for these prior serviced loans until August 12, 2028. The Authority is equally responsible for the approximately \$14 million in pledged receivables currently on its statement of net assets. The Authority is obligated in regards to these assets until 10 years after the termination or expiration of the servicing agreement which is currently May 31, 2011. Based on the Authority's claim denial rate history, \$2 million has been reserved for these future liabilities.

The Georgia Housing and Finance Authority (the Authority) business operations include significant lending and borrowing arrangements. Borrowings are made in the form of bonds. Proceeds from these bonds are mainly used to finance home mortgage loans to qualifying borrowers. The ultimate source of repayment of these borrowings and the related interest is return of principal and interest on the loans. The Authority invests proceeds from borrowings prior to their use. It also invests funds from repayments received on its loans. These investments usually consist of various debt securities. The Authority generally does not invest in equity securities. A majority of the Authority's loans are insured by the Federal Housing Administration. A minor portion of its loans are not insured. The Authority is subject to credit risks related to its cash balances and its investments in debt securities. It is also subject to the risk that the underlying value of the collateral on its uninsured loans declines. Currently, the Authority has cash balances with financial institutions that are insured by FDIC. However, FDIC insurance is limited to \$250 thousand per depositor. The Authority has cash balances at June 30, 2009 of \$14.8 million in excess of FDIC insured limits. The Authority has investments in debt securities of \$264.8 million. If the Authority were to incur significant losses in connection with the above cash balances and debt investments, it would impair the Authority's ability to service its debt obligations as they become due.

Additionally, as described above, the Authority has uninsured loans of \$18 million as of June 30, 2009. All of these loans are for home mortgages in the State of Georgia. Current economic conditions in Georgia are in a state of decline as a result of a general economic decline nationwide. One impact of these conditions has been a decline in housing values. The Authority has already incurred a higher rate of loss on foreclosed loans as a result of declines in the value of underlying collateral. Another factor that results from the decline in the economy is an increase in the number of foreclosures. Although the Authority has not experienced any significant increase in the number of foreclosures, if the economy continues to decline and, as a result, the Authority does experience a dramatic increase in foreclosures, it is possible that the combination of such an increase combined with lower housing prices could result in increased losses of loan assets that could have adverse impacts on the Authority's ability to repay its outstanding bonds.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 8 - Contingencies and Commitments (continued)

#### D. Pollution Remediation

##### Component Units

Augusta State University has been notified as a potential responsible party for pollution remediation related to a Superfund site located in North Carolina. Other alleged customers of the facility, dating back 30 plus years, have also been notified as potential responsible parties. To date, the University has not been named in any legal action pursuant to this case. As of June 30, 2009, the University cannot reasonably estimate a liability for this pollution remediation obligation.

#### E. Other Significant Commitments

##### Bond Proceeds

The Georgia State Financing and Investment Commission has entered into agreements with various State organizations for the expenditure of bond proceeds and cash supplements (provided by or on behalf of the organization involved) to acquire and construct capital projects. At June 30, 2009, the undisbursed balance remaining on these agreements approximated \$1.6 billion.

##### Contractual Commitments

The Georgia Constitution permits State organizations to enter into contractual commitments provided they have funds available (statutory basis) at the time of the execution of the contract. At June 30, 2009, the Department of Transportation had contractual commitments of \$2.6 billion for construction of various highway projects. Funding of these future expenditures is expected to be provided from federal grants, motor fuel tax funds, general obligation bond proceeds, and debt instruments issued by the State Road and Tollway Authority.

##### Settlement of Litigation

Plaintiffs filed a class action in April, 2004, seeking additional retirement benefits retroactive to the time of their individual retirement dates for a class of those retirees who elected survivorship options and who retired between 1983 and February 1, 2003, in the retirement plan administered by the Teachers Retirement System of Georgia (TRS). Plaintiff/retirees alleged that TRS' failure to use updated mortality tables resulted in miscalculations of monthly benefits and therefore additional monies are due to plaintiffs for underpayment of benefits. The plaintiff class numbers approximately 15,000. TRS was unsuccessful defending the case on the merits. The court utilized a statute of limitations of six years, a pre-judgment rate of interest of 7% and a post-judgment

interest rate equal to prime plus 3%. The plaintiffs' attorneys were awarded a fee equal to 25% of the total liability due to the class under the judgment. The total liability for TRS in this case for the adjusted benefit payments and attorneys' fees was finalized at \$414.3 million and, following a final payment in September, 2009, is paid in full. All payments made by TRS pursuant to this class action were paid from the assets of TRS.

In a related case, in January 2007, multiple retirees filed a civil action against the Employees' Retirement System of Georgia (ERS) in Fulton County Superior Court which set forth exactly the same issues as were presented in the TRS case described above. The parties having agreed that the TRS rulings will apply in this case as well, ERS conceded liability on the breach of contract claim. ERS has agreed, and the Court has accepted, that the parties will use the statute of limitations and interest rate figures used in the TRS case. The total liability for ERS in this case for the adjusted benefit payments and attorneys' fees was finalized at \$146 million. To date, ERS has made payments of approximately \$31.3 million in fiscal year 2009, and approximately \$43.5 million on September 1, 2009, with approximately \$71.2 million liability outstanding and payable over time. All payments made by ERS pursuant to this class action are paid from the assets of ERS. The only remaining issue outstanding in this case concerns application of an administrative rule that limits retirement benefits to 90% of the highest salary earned by the member while actively employed. This issue was scheduled to be heard before the court in September, 2009, but the hearing was postponed pending settlement discussions. The outcome of this issue is not anticipated to have an appreciable effect on the total liability amount.

In an additional related case, in August 2008, multiple retirees filed a civil action against the Public School Employees Retirement System (PSERS) in Fulton County Superior Court which set forth exactly the same issues as were presented in the TRS and ERS cases described above. The parties agreed to apply the same statute of limitations and interest rates determined in TRS and ERS. The total liability for PSERS in this case for adjusted benefit payments and attorneys' fees was finalized at \$2.2 million. To date, PSERS has made payments of approximately \$1.1 million, with approximately \$1.1 million liability outstanding and payable over time. All payments made by PSERS pursuant to this class action are paid from the assets of PSERS.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 9 - Leases

#### A. Operating Leases

The State leases land, office facilities, office and computer equipment, and other assets. These leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the State has the option of renewing the lease on a year-to-year basis.

Total lease payments for the State's governmental activities, business-type activities, and component units were \$127.4 million, \$40.9 million, and \$16 million, respectively, for the year ended June 30, 2009. Future minimum commitments for operating leases as of June 30, 2009, are listed below (in thousands). Amounts are included for renewable leases for which the option to renew for the subsequent fiscal year has been exercised.

<u>Fiscal Year Ended June 30</u>	<u>Primary Government</u>		<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
2010	\$ 76,847	\$ 34,465	\$ 15,921
2011	57,657	15,258	13,820
2012	43,008	14,499	13,032
2013	34,139	13,134	12,503
2014	31,464	6,484	12,200
2015-2019	90,312	19,765	40,603
2020-2024	43,033	11,328	26,260
2025-2029	32,908	9,161	24,992
2030-2034	50,435	2,440	11,745
2035-2039	7,891	-	-
2040-2044	7,470	-	-
2045-2049	5,787	-	-
2050-2054	4,651	-	-
2055-2059	108	-	-
2060-2064	91	-	-
2065-2069	-	-	-
2070-2074	66	-	-
<b>Total Minimum Commitments</b>	<b>\$ 485,867</b>	<b>\$ 126,534</b>	<b>\$ 171,076</b>



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 9 - Leases (continued)

#### B. Capital Leases

The State acquires certain property and equipment through multi-year capital leases with varying terms and options. The majority of these agreements contain fiscal funding clauses in accordance with OCGA 50-5-64 which prohibits the creation of a debt to the State of Georgia for the payment of any sums under such agreements beyond the fiscal year of execution if appropriated funds are not

available. If renewal of such agreements is reasonably assured, however, capital leases requiring appropriation by the General Assembly are considered noncancellable for financial reporting purposes. At June 30, 2009, the historical cost of assets acquired through capital leases was as follows (in thousands):

	Primary Government		Component Units
	Governmental Activities	Business-Type Activities	
Land	\$ -	\$ 30,025	\$ -
Infrastructure	-	46,592	-
Buildings	-	2,033,660	-
Improvements Other Than Buildings	-	524	-
Machinery and Equipment	8,419	44,807	215
Less: Accumulated Depreciation	(104)	(96)	(72)
<b>Total Assets Held Under Capital Lease</b>	<b>\$ 8,315</b>	<b>\$ 2,155,512</b>	<b>\$ 143</b>

At June 30, 2009, future commitments under capital leases were as follows (in thousands):

	Primary Government		Component Units
	Governmental Activities	Business-Type Activities	
<b><u>Fiscal Year Ended June 30</u></b>			
2010	\$ 1,183	\$ 170,421	\$ 3,601
2011	1,045	170,131	3,738
2012	876	165,423	1,820
2013	588	165,059	1,179
2014	395	169,206	1,147
2015-2019	262	835,310	3,873
2020-2024	-	831,753	-
2025-2029	-	825,486	-
2030-2034	-	605,092	-
2035-2039	-	235,149	-
Total Capital Lease Payments	4,349	4,173,030	15,358
Less: Interest and Executory Costs	(1,083)	(1,932,612)	(2,088)
<b>Present Value of Capital Lease Payments</b>	<b>\$ 3,266</b>	<b>\$ 2,240,418</b>	<b>\$ 13,270</b>



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 9 - Leases (continued)

#### C. Lease Receivables

The State leases certain facilities and land for use by others for terms varying from 1 to 65 years. The majority of the governmental activities leases are for facilities controlled by the State Properties Commission. The leases are accounted for as operating leases; revenues for services provided and for use of facilities are recorded when earned. Total revenues from rental of land and

facilities for the State's governmental activities, business-type activities, and component units were \$23.5 million, \$48.5 thousand, and \$41 million, respectively, for the year ended June 30, 2009. Minimum future revenues and rentals to be received under operating leases as of June 30, 2009, are as follows (in thousands):

<u>Fiscal Year Ended June 30</u>	<u>Primary Government</u>		<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
2010	\$ 29,317	\$ 49	\$ 31,219
2011	23,113	48	24,557
2012	17,954	44	22,986
2013	18,331	1	17,161
2014	18,199	-	16,417
2015-2019	51,223	-	73,731
2020-2024	12,405	-	56,592
2025-2029	7,464	-	45,355
2030-2034	7,292	-	34,730
2035-2039	8,162	-	110
2040-2044	8,511	-	-
2045-2049	3,486	-	-
2050-2054	3,103	-	-
2055-2059	3,200	-	-
2060-2064	3,300	-	-
2065-2069	3,400	-	-
2070-2074	1,388	-	-
<b>Total Minimum Revenues</b>	<b>\$ 219,848</b>	<b>\$ 142</b>	<b>\$ 322,858</b>



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 10 - Short-Term Debt

#### Primary Government

On August 1, 2006, the State Road and Tollway Authority (nonmajor governmental fund) was authorized to issue and sell a maximum of \$150 million aggregate principal of Federal Highway Reimbursement Revenue Commercial Paper Notes, Series A, with an initial issuance of \$50 million. Maturities are up to 270 days from date of issue.

The commercial paper notes were issued to provide interim or short-term financing for the planning, engineering, design, acquisition, and construction of various transportation projects. Short-term debt activity for the fiscal year ended June 30, 2009, is shown below (in thousands):

	<u>Balance</u> <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2009</u>
<b>Governmental Fund/Activities:</b>				
Commercial Paper Payable	<u>\$ 39,500</u>	<u>\$ -</u>	<u>\$ 39,500</u>	<u>\$ -</u>



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 11 - Long-Term Liabilities

#### A. Changes in Long-Term Liabilities

##### Primary Government

Changes in long-term liabilities for the fiscal year ended June 30, 2009, are as follows (in thousands):

	Balance July 1, 2008 (Restated - Note 3)	Additions	Reductions	Balance June 30, 2009	Amounts Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds Payable	\$7,839,575	\$1,600,600	\$ 888,045	\$ 8,552,130	\$ 662,155
Revenue Bonds Payable	543,335	-	26,470	516,865	27,780
GARVEE Bonds Payable	995,915	600,000	66,510	1,529,405	112,555
Less deferred amounts:					
On Refunding	(95,769)	(17,972)	(12,143)	(101,598)	-
Net Unamortized Premiums	262,297	163,592	28,258	397,631	-
Total Bonds Payable	9,545,353	2,346,220	997,140	10,894,433	802,490
Notes and Loans Payable	32,820	-	5,122	27,698	84
Capital Lease Obligations	5,184	2,929	4,847	3,266	1,106
Compensated Absences Payable	352,868	109,090	123,081	338,877	117,909
Arbitrage	56,597	3,914	35,346	25,165	163
<b>Total Governmental Activities</b>	<b>\$9,992,822</b>	<b>\$2,462,153</b>	<b>\$1,165,536</b>	<b>\$ 11,289,439</b>	<b>\$ 921,752</b>
<b>Business-Type Activities:</b>					
Revenue Bonds Payable	\$ 32,395	\$ 99,855	\$ 7,560	\$ 124,690	\$ 7,880
Less deferred amounts:					
On Refunding	(1,074)	-	(403)	(671)	-
Net Unamortized Premiums	307	(2,536)	54	(2,283)	-
Total Bonds Payable	31,628	97,319	7,211	121,736	7,880
Notes and Loans Payable	9,170	-	437	8,733	307
Capital Lease Obligations	1,859,262	436,542	55,386	2,240,418	54,693
Compensated Absences Payable	195,121	143,198	136,650	201,669	113,598
Other Postemployment Benefit Obligation	158,241	278,984	-	437,225	-
U. S. DOE Settlement	746	-	198	548	246
<b>Total Business-Type Activities</b>	<b>\$2,254,168</b>	<b>\$ 956,043</b>	<b>\$ 199,882</b>	<b>\$ 3,010,329</b>	<b>\$ 176,724</b>

Internal Service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above total for governmental activities. At year end, \$7.3 million of internal service funds compensated absences are included in the above balance as of June 30, 2009. Of this amount, \$4 million is due within one year. Also, for the governmental activities, capital leases and compensated absences are generally liquidated by the general fund.





## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 11 - Long-Term Liabilities (continued)

#### A. Changes in Long-Term Liabilities

##### Component Units

Changes in long-term liabilities for the year ended June 30, 2009, are as follows (in thousands):

	Balance July 1, 2008 (Restated)	Additions	Reductions	Balance June 30, 2009	Amounts Due Within One Year
Revenue Bonds Payable	\$2,337,867	\$ 253,818	\$ 140,644	2,451,041	\$ 69,747
Mortgage Bonds Payable	791,065	25,000	45,445	770,620	24,220
Deferred Amount on Refunding	-	(905)	(259)	(646)	-
Net Unamortized Premiums	(245)	14,968	318	14,405	-
Total Bonds Payable	3,128,687	292,881	186,148	3,235,420	93,967
Notes and Loans Payable	213,533	320,520	128,941	405,112	138,908
Capital Lease Obligations	16,745	176	3,651	13,270	3,050
Compensated Absences Payable	22,069	9,427	8,402	23,094	17,115
Grand Prizes Payable	252,084	42,440	-	294,524	136,490
Other	109,601	32,407	20,491	121,517	6,533
Total Component Units	<u>\$3,742,719</u>	<u>\$ 697,851</u>	<u>\$ 347,633</u>	<u>\$ 4,092,937</u>	<u>\$ 396,063</u>

#### B. Bonds and Notes Payable

At June 30, 2009, bonds and notes payable currently outstanding are as follows: (in thousands):

	Interest Rates	Maturing Through Year	Original Issue Amount	Amount
<b><u>Governmental Activities</u></b>				
General Obligation Bonds				
General Government	1.00% - 7.70%	2029	\$ 15,401,095	\$ 7,292,295
General Government - Refunding	1.50% - 7.70%	2015		1,259,835
Revenue Bonds				
Transportation Projects	2.250% - 5.375%	2023	659,140	516,865
GARVEE Bonds	2.50%-5.00%	2021	1,650,000	1,529,405
Notes and Loans Payable	0.00 - 4.00%	2014	29,072	27,698
<b><u>Business-Type Activities</u></b>				
Revenue Bonds				
Georgia 400 Project and Higher Education Facilities	3.50% - 6.25%	2040	\$ 188,875	\$ 124,690
Notes and Loans Payable	4.25% - 5.50%	2025	10,250	8,733
<b><u>Component Units</u></b>				
Revenue Bonds				
University System of Georgia Foundations	1.25% - 6.66%	2040	\$ 2,333,565	\$ 2,195,608
Other Revenue Bonds	.57% - 6.00%	2028	419,995	255,433
Mortgage Bonds				
Georgia Housing and Financing Authority	.95% - 6.45%	2035	1,534,773	770,620
Notes and Loans Payable				
University System of Georgia Foundations	.56% - 6.25%	2040	269,064	230,988
Other Notes and Loans Payable	.695% - 6.6%	2025	254,024	174,124





## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 11 - Long-Term Liabilities (continued)

#### C. General Obligation Bonds

##### Primary Government

The State issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds have been issued for both general State and proprietary activities, to provide loans to local governments for water and sewer systems, to construct educational facilities for local school systems, and to refund general obligation bonds.

General obligation bonds are direct obligations of the State to which the full faith and credit of the State are pledged.

##### Bonds Authorized but Unissued

Authorized but unissued general obligation bonds as of June 30, 2009 are as follows (in thousands):

<u>Purpose</u>	<u>Authorized Unissued Debt</u>
Education	\$ 146,865
Transportation	13,905
Defense	1,715
Natural Resources	1,000
Technical and Adult Education	750
<b>Total</b>	<b>\$ 164,235</b>

##### Defeasance of General Obligation Bonds

On May 28, 2009 the State legally defeased and retired early \$26.1 million of outstanding general obligation bonds due on July 1, 2009 by utilizing the premium received from the sale of the series 2009C and series 2009D bonds; this early retirement provided additional budgetary relief to the FY 2010 budget.

As of June 30, 2009, the State had total outstanding defeased general obligation bonds held in escrow of \$38 million.

##### Refunding of General Obligation Bonds

On May 28, 2009, the State used the proceeds of the series 2009E bond issue to refund \$153 million of outstanding general obligation bonds; this refunding will

provide multi-year budget relief through FY 2021 by lowering the debt service payments from the original debt service schedule of the refunded bonds.

This refunding of Bonds will save the State a total of \$7.3 million in future debt service appropriations and, reduce the debt service coming due in FY 2010 by \$5.9 million.

As of June 30, 2009, the State had total outstanding refunded bonds held in escrow of \$1.2 billion.

##### Early Retirement of Debt

From interest earnings available for the advance retirement of debt, the State made 48 purchases of State of Georgia General Obligation Bonds in the secondary market with a par value of \$87.9 million. These early retirements of Bonds reduced the State's outstanding general obligation bond debt by 1.0% and will save the State \$128.8 million in future principal and interest appropriations and reduced debt service in FY 2009, FY 2010, and FY 2011 by \$2.6 million, \$25.2 million, \$2.9 million, respectively. The early retirement program to-date has saved the State over \$1.5 billion in future principal and interest appropriations.

#### D. Revenue Bonds

##### Governmental Activities

The State Road and Tollway Authority has issued Guaranteed Revenue Bonds for the purpose of financing certain road and bridge projects in the State. The guaranteed revenue bonds are secured by the amount of net proceeds of motor fuel tax provided for in a joint resolution of the State Transportation Board and the State Road and Tollway Authority. Further, the State of Georgia has guaranteed the full payment of the bonds and the interest.

The State Road and Tollway Authority has issued Federal Highway Grant Anticipation Revenue Bonds and Federal Highway Reimbursement Bonds (GARVEEs). These bond proceeds will be used for the purpose of providing funds for an approved land public transportation project.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 11 - Long-Term Liabilities (continued)

#### Business-Type Activities

The State Road and Rollway Authority has issued Guaranteed Refunding Revenue Bonds for the purpose of financing a portion of the costs of acquiring, constructing and maintaining the Georgia 400 project. The toll revenues to be generated from the usage of the Georgia 400 Project secure these bonds. As of June 30, 2009 the outstanding principal balance for these Guaranteed Refunding Revenue Bonds is \$24.8 million.

On November 1, 2008, the Georgia Higher Education Facilities Authority issued revenue bonds for the purpose of acquiring, constructing and equipping several projects on college campuses throughout the State. The bonds are secured solely by the related Security Deed and related Assignment of Contract Documents. As of June 30, 2009, the outstanding principal for these revenue bonds is \$99.9 million.

#### Component Units

Revenue bonds issued by various University System of Georgia Foundations for acquisition and improvement of properties and facilities had an outstanding balance at June 30, 2009 of \$2.2 billion.

Other component units had Revenue Bonds Payable outstanding at June 30, 2009 of \$255.4 million as detailed below (in thousands):

	<u>Amount</u>
Georgia World Congress Center	\$ 138.6
Georgia Ports Authority	80.6
Georgia Environmental Facilities Authority	21.7
Lake Lanier Islands Developmental Authority	9.7
Regional Educational Service Agencies	4.8
	<u>\$ 255.4</u>

#### E. Mortgage Bonds

##### Component Units

Mortgage bonds outstanding of \$770.6 million at June 30, 2009 were issued by the Georgia Housing and Finance Authority for financing the purchase of single-family mortgage loans for eligible persons and families of low and moderate income within the State of Georgia.

#### F. Notes and Loans Payable

##### Governmental Activities

Notes and Loans Payable for Governmental Activities as of June 30, 2009 was \$27.7 million. Of this total, \$27.6 million was attributable to the Georgia Department of Transportation's participation in the Federal Right of Way Revolving Fund program, for the purpose of aiding states with the problem of escalating property costs on future highway alignments. This fund was established to advance money to states without interest to acquire property needed for future projects along corridors with escalating property costs due to imminent development. The first payment for the revolving fund loan was paid January, 2009 and the last payment is due August 6, 2013.

##### Business-Type Activities

Notes and Loans Payable for Business-Type Activities as of June 30, 2009 was \$8.7 million. The Georgia Military College had a note payable of \$6.5 million and The University System of Georgia had a note payable of \$2.2 million.

##### Component Units

Notes and Loans Payable as of June 30, 2009 (in thousands):

	<u>Amount</u>
Higher Education Foundations	\$ 201.4
Georgia Student Finance Authority	95.8
Georgia Ports Authority	45.6
Georgia Tech Foundation, Inc.	29.5
Georgia Development Authority	14.4
North Georgia Mountains Authority	8.3
Lake Lanier Islands Development Authority	7.3
Jekyll Island State Park Authority	2.6
Georgia International and Maritime Trade Center Authority	0.1
Georgia Music Hall of Fame Authority	0.1
Total Notes and Loans Payable	<u>\$ 405.1</u>

#### Higher Education Foundations Notes and Loans

The University System of Georgia Foundation, Inc. entered a loan agreement during the year ended June 30, 2009 to finance construction of facilities at colleges and universities in the University System of Georgia on real estate owned by the Board of Regents. The total principal outstanding at June 30, 2009 is \$99.9 million.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 11 - Long-Term Liabilities (continued)

The Medical College of Georgia Physician's Practice Group Foundation's Cancer Research Center, LLC (CRC) has a loan agreement with the Development Authority of Richmond County (the Authority), whereby the Authority issued bonds and lent the proceeds thereof to CRC for the purpose of providing funds to finance the cost of the construction of a portion of a cancer research building on the campus of the Medical College of Georgia. As of June 30, 2009, \$31.3 million was outstanding on the loan payable. The loan agreement provides for semi-annual interest payments at interest rates ranging from 2.5 to 5.0 percent. Principal payments are due annually through December 2034.

Notes and loans payable included a revolving credit agreement for the University of Georgia's Research Foundation which provides for borrowings or letters of credit at the Research Foundation's option. At June 30, 2009, amounts outstanding or issued under this agreement included borrowings of \$29.1 million and letters of credit and bank reserves of \$5.8 million and \$2.1 million tendered, resulting in \$13 million available as borrowing capacity under this line. Borrowings under the revolving credit agreement bear interest at the bank's 30-day LIBOR plus 0.325 percent. At June 30, 2009, the rate applicable to the borrowings was .645 percent.

During the year ended June 30, 2009, the Kennesaw State University Foundation entered into secured lines of credit of \$10 million and 25 million to provide financing for land purchases, a hospitality facility and sports complex. The lines of credit bear interest at 30 day LIBOR plus 1.75 percent and 1.26 percent, respectively. As of June 30, 2009, the lines of credit balances were \$27 million. Also, during 2009, the Foundation renewed an unsecured operating line of credit of \$5 million. The line of credit bears interest at the 30 day LIBOR plus 1.75% percent. The line of credit balance as of June 30, 2009 was \$2.1 million.

#### Other Component Units Notes and Loans

During 2009, The Georgia Student Finance Authority entered into a \$100 million line of credit with a financial institution for the purpose of originating and refinancing loans made under the Guaranteed Student Loan Program. This agreement has a maturity date of June 30, 2009. The balance related to this line of credit was \$95.8 million as of June 30, 2009. The Authority entered into a new \$150 million line of credit agreement on July 1, 2009. This agreement matures on June 20, 2010.

The Georgia Ports Authority maintains an uncollateralized revolving line of credit in the amount of \$48 million. As of June 30, 2009, \$45.6 million was outstanding on this line of credit. The interest rate (.70 percent at June 30, 2009) is based on the one month LIBOR rate. This revolving line of credit expires on September 5, 2017.

The Georgia Tech Foundation, Inc. (the Foundation) has two \$30 million revolving lines of credit. As of June 30, 2009, \$29.5 million was outstanding on these lines of credit. Interest is calculated using the 30-day LIBOR rate plus 0.25 percent, which was .56 percent at June 30, 2009. One line of credit expired June 30, 2009 and the second was extended until August 2009. The Foundation established two new lines of credit at that time, each for \$15 million.

The Georgia Development Authority reported three long-term notes payable to banks with a combined outstanding balance at June 30, 2009, of \$14.4 million. One note, secured by LIBOR mortgage loans financed through the note, is payable in semi-annual payments of \$385 thousand that includes interest at LIBOR plus .8 percent, and has an outstanding balance at June 30, 2009, of \$1.9 million. This loan expires September 30, 2011. Another note, secured by various fixed rate mortgage loans financed through the note, bears interest at a rate of 6.6 percent per annum, and has an outstanding balance at June 30, 2009, of \$10.3 million. This loan expires March 31, 2013. The final note, secured by LIBOR mortgage loans financed through the note, is payable in semi-annual payments at a rate of LIBOR plus 1.15 percent, and has an outstanding balance at June 30, 2009 of \$2.2 million. This loan expires July 31, 2018.

### G. Interest Rate Swaps

#### The University of Georgia Athletic Association, Inc.

The University of Georgia Athletic Association (the Association) is a party to interest rate swap agreements that are not recorded in the financial statements. Following are disclosure of key aspects of the agreements.

Objective - As a means of interest rate management, the Association entered into three separate interest rate swap transactions with Bank of America, N.A. (the "Counterparty") relating to its variable rate tax-exempt Series 2001 Bonds, tax-exempt Series 2003 Bonds, taxable Series 2005 Bonds and tax-exempt Series 2005B Bonds.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 11 - Long-Term Liabilities (continued)

Terms - Pursuant to an ISDA Master Agreement and Schedule to ISDA Master Agreement each dated as of January 27, 2005 between the Association and the Counterparty and three Confirmations, the Association has agreed to pay to the Counterparty a fixed rate of interest in an amount equal to: (1) 3.49% per annum multiplied by a notional amount which is equal to the principal amount of the Series 2001 Bonds until September 2021; (2) 3.38% per annum multiplied by a notional amount which is equal to the principal amount of the Series 2003 Bonds until August 2033; (3) 5.05% per annum multiplied by a notional amount which is equal to the principal amount of the Series 2005 Bonds until July 2021; and (4) 3.48% per annum multiplied by the notional amount which is equal to the principal amount of the Series 2005B Bonds until August 2033.

In return, the Counterparty has agreed to pay to the Association a floating rate of interest in an amount equal to: (1) 67% of LIBOR multiplied by a notional amount which is equal to the principal amount of the Series 2001 Bonds until September 2021; (2) 67% of LIBOR multiplied by a notional amount which is equal to the principal amount of the Series 2003 Bonds until August 2033; (3) LIBOR multiplied by a notional amount which is equal to the principal amount of the Series 2005 Bonds until July 2021; and (4) 67% of LIBOR multiplied by the notional amount which is equal to the principal amount of the Series 2005B Bonds until July 2035.

Fair Value – The Association will be exposed to variable rates if the Counterparty to a swap defaults or if a swap is terminated. A termination of the swap agreement may also result in the Association's making or receiving a termination payment. The fair value of the outstanding swaps as of June 30, 2009 were as follows (in thousands).

<u>Series</u>	<u>Fair Value</u>
2001	\$ 3,180
2003	1,457
2005A	1,447
2005B	2,802
	<u>\$ 8,886</u>

Swap Payments and Associated Debt – As of June 30, 2009, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 11 - Long-Term Liabilities (Continued)

Annual debt service requirements to maturity for University of Georgia Athletic Assoc. bonds payable are as follows ( in thousands):

Year Ending June 30:	Year	Principal	Interest	Interest Rate Swaps, Net
2010	1	\$ 2,195	\$ 499	\$ 2,869
2011	2	2,245	490	2,785
2012	3	2,295	481	2,699
2013	4	2,355	472	2,610
2014	5	2,415	463	2,520
2015 through 2019	6-10	13,000	2,165	11,161
2020 through 2024	11-15	12,090	1,914	8,717
2025 through 2029	16-20	9,575	1,759	7,119
2030 through 2034	21-25	44,055	760	3,061
2035 through 2039	26-30	3,105	5	50
		<u>\$ 93,330</u>	<u>\$ 9,008</u>	<u>\$ 43,591</u>

**Credit Risk** – As of June 30, 2009, the fair value of the swaps represents the Association's credit exposure to the Counterparty. Should the Counterparty fail to perform in accordance with the terms of the swap agreements and variable interest rates remain at the current level, the Association could see a possible gain equivalent of \$43.6 million less the cumulative fair value of \$8.9 million. As of June 30, 2009, the Counterparty was rated Aa3 by Moody's and A+ by S&P.

**Basis Risk** – The swaps expose the Association to basis risk. The interest rate on the Series 2001 Bonds, the Series 2003 Bonds and the Series 2005B Bonds is a tax-exempt interest rate while the LIBOR basis on the variable rate receipt on the interest rate swap agreements is taxable. Tax-exempt interest rates can change without a corresponding change in the 30 day LIBOR rate due to factors affecting the tax-exempt market which do not have a similar effect on the taxable market. The Association

will be exposed to basis risk under the swaps to the extent that the interest rates on the tax-exempt bonds trade at greater than 67% of LIBOR for extended periods of time. The Association would also be exposed to tax risk stemming from changes in the marginal income tax rates or those caused by a reduction or elimination in the benefits of tax exemption for municipal bonds.

**Termination Risk** – The interest rate swap agreement uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Association or the Counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable rate bonds would no longer carry a synthetically fixed interest rate. Also, if at the time of termination, the swap has a negative fair value, then the Association would be liable to the Counterparty for a payment equal to the swap's fair value.

### H. Debt Service Requirements

Annual debt service requirements to maturity for general obligation bonds, revenue bonds, GARVEE bonds, mortgage bonds and notes and loans payable are as follows (in thousands):



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 11 - Long-Term Liabilities (Continued)

#### Primary Government

Year	Governmental Activities							
	General Obligation Bonds		Revenue Bonds		GARVEE Bonds		Notes and Loans Payable	
	Principal *	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 662,155	\$ 387,800	\$ 27,780	\$ 26,223	\$ 112,555	\$ 72,689	\$ 84	\$ 1
2011	714,665	356,359	29,230	24,774	117,500	67,742	8,014	-
2012	656,585	320,541	30,770	23,232	122,560	62,635	5,000	-
2013	612,565	287,474	32,390	21,614	128,930	56,781	10,600	-
2014	552,715	257,721	34,125	19,872	134,530	50,715	4,000	-
2015-2019	2,451,995	911,476	199,585	70,419	724,570	150,746	-	-
2020-2024	1,888,050	402,972	162,985	18,231	188,760	12,357	-	-
2025-2029	1,013,400	91,288	-	-	-	-	-	-
Total	\$ 8,552,130	\$ 3,015,631	\$ 516,865	\$ 204,364	\$ 1,529,405	\$ 473,665	\$ 27,698	\$ 1

Year	Business-Type Activities			
	Revenue Bonds		Notes and Loans Payable	
	Principal	Interest	Principal	Interest
2010	\$ 7,880	\$ 6,618	\$ 307	\$ 401
2011	8,730	6,215	299	386
2012	9,230	5,794	294	372
2013	680	5,577	309	358
2014	830	5,549	323	343
2015-2019	6,715	27,098	6,238	608
2020-2024	12,345	24,945	863	163
2025-2029	17,315	21,172	100	3
2030-2034	23,070	15,411	-	-
2035-2039	30,645	7,838	-	-
2040-2044	7,250	453	-	-
Total	\$ 124,690	\$ 126,670	\$ 8,733	\$ 2,633

\* Includes \$287.7 million of bonds with variable interest rates based on the weekly rate determination of the Remarketing Agent. The interest rate at June 30, 2009, for these variable rate bonds was as follows: .35% for \$95.9 million, .27% for \$95.9 million and .27% for \$95.9 million.





## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 11 - Long-Term Liabilities (continued)

#### Component Units

Year	University System of Georgia Foundations		Other Component Units		Georgia Housing and Finance Authority	
	Revenue Bonds		Revenue Bonds		Mortgage Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 34,280	\$ 100,942	\$ 35,467	\$ 6,985	\$ 24,220	\$ 36,517
2011	40,482	100,402	34,783	9,552	23,890	35,494
2012	46,301	98,553	36,550	8,245	32,190	34,478
2013	48,855	96,515	24,004	6,928	23,275	33,214
2014	54,116	95,648	12,763	6,236	23,545	32,218
2015-2019	319,050	436,699	72,964	20,193	126,840	145,323
2020-2024	388,945	351,341	35,983	3,015	144,235	112,507
2025-2029	480,220	246,445	2,918	338	143,240	77,125
2030-2034	511,973	121,206	-	-	145,840	40,648
2035-2039	264,176	31,717	-	-	83,345	155,497
2040-2044	7,210	987	-	-	-	-
Total	\$ 2,195,608	\$ 1,680,455	\$ 255,433	\$ 61,491	\$ 770,620	\$ 703,021

Year	University System of Georgia Foundations		Other Component Units	
	Notes and Loans Payable		Notes and Loans Payable	
	Principal	Interest	Principal	Interest
2010	\$ 35,395	\$ 8,511	\$ 103,513	\$ 2,035
2011	57,876	7,717	7,032	1,083
2012	2,667	7,407	5,280	876
2013	2,031	7,284	3,117	683
2014	1,926	7,328	2,923	576
2015-2019	16,955	34,146	48,816	1,898
2020-2024	18,022	29,817	3,443	407
2025-2029	24,100	24,580	-	-
2030-2034	31,685	16,974	-	-
2035-2039	32,635	7,886	-	-
2040-2044	7,250	453	-	-
Premium	446	-	-	-
Total	\$ 230,988	\$ 152,103	\$ 174,124	\$ 7,558



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 12 - Interfund Balances and Transfers

Due To/From Other Funds at June 30, 2009, consist of the following (in thousands):

Due to Other Funds	Due from Other Funds						Total Due To Other Funds
	General Fund	Nonmajor Governmental Funds	State Employees' Health Benefit Plan	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 277,639	\$ -	\$ 277,639
Nonmajor Governmental Funds	-	-	-	616	-	-	616
Higher Education Fund	-	-	-	-	78,106	-	78,106
Unemployment Compensation Fund	1,336	-	-	-	-	-	1,336
Nonmajor Enterprise Funds	-	2	-	-	-	-	2
Internal Service Funds	-	-	-	-	173	-	173
Fiduciary Funds	-	-	4,864	-	149	1,270	6,283
<b>Total Due From Other Funds</b>	<b>\$ 1,336</b>	<b>\$ 2</b>	<b>\$ 4,864</b>	<b>\$ 616</b>	<b>\$ 356,067</b>	<b>\$ 1,270</b>	<b>\$ 364,155</b>

Interfund receivables and payables result from billings for goods/services provided between funds. All interfund receivables and payables are considered short term in nature.

Interfund transfers at June 30, 2009, consist of the following (in thousands):

	Transfers In						
	Governmental Funds			Proprietary Funds			Total Transfers Out
	Georgia State		Nonmajor Governmental Funds	Higher Education Fund	Internal Service Funds	Fiduciary Funds	
	General Fund	Financing and Investment Commission					
Transfers Out:							
General Fund	\$ -	\$ 4,679	\$ 1,209,146	\$ 2,337,253	\$ 5,926	\$ 3,215	\$ 3,560,219
Georgia State Financing and Investment Commission	252,181		118,012	-	-	-	370,193
Nonmajor Governmental Funds	535,876	-	-	-	40	-	535,916
Higher Education Fund	3,418	-	-	-	-	-	3,418
Unemployment Compensation Fund	102	-	-	-	-	-	102
Internal Service Funds	27,617	-	-	-	690	-	28,307
Total Transfers In	\$ 819,194	\$ 4,679	\$ 1,327,158	\$ 2,337,253	\$ 6,656	\$ 3,215	\$ 4,498,155

Transfers are used to move revenues from the fund that statutes require to collect them to the fund that statutes require to expend them and to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.





## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 13 - Subsequent Events

#### Primary Government

##### A. Long-term Debt Issues

###### General Obligation Bonds Issued

The State issued General Obligation Bonds in the amount of \$793.9 million on November 24, 2009 (Series 2009F, 2009G, and 2009H). Proceeds of the bonds will be used to finance various capital acquisitions. The State locked in a true interest cost of 1.49% for 5-year bonds and 2.99% for 20-year bonds. The rate on the 20-year bonds was the result of the State's decision to issue Build America Bonds, an option provided to governmental issuers in the American Recovery and Reinvestment Act. Under this option, the State will receive a 35 percent interest rate subsidy from the US Treasury.

###### General Obligation Refunding Bonds

The State issued General Obligation Refunding Bonds in the amount of \$640.8 million on December 22, 2009 (Series 2009I). This refunding issue refinanced \$657.8 million of the State's outstanding general obligation bonds at lower rates. The State locked in a true interest cost of 2.85%. This refunding will save the State over \$35 million of debt service.

###### Revenue Bonds Issued

Subsequent to year-end the Georgia Higher Education Facilities Authority issued revenue bonds from which it loaned proceeds to the USG (University System of Georgia) Real Estate Foundation II, LLC under a direct financing lease with a face amount of \$100.9 million.

##### B. Initiation of Litigation

The State is involved in multi-district litigation in the United States District Court for the Middle District of Florida which includes several cases involving the operation of Buford Dam and Lake Lanier. In 1946, the U.S. Congress authorized and funded the construction of the Buford Dam, and granted the U.S. Army Corps of Engineers (the Corps) authority to operate Buford Dam and the resulting reservoir, Lake Lanier. Water supply was declared to be an incidental purpose of the project. Construction on the dam commenced in 1950 and lasted approximately six years. In 1958, the U.S. Congress enacted the Water Supply Act of 1958, which allowed the Corps to use its reservoir projects for municipal water supply subject to certain restrictions. During the 1970's the Corps began to enter into water supply contracts with certain Georgia municipalities allocating water from Lake

Lanier storage for local water supply. The Corps took the position that this was an appropriate use. However, when Atlanta and other surrounding communities sought additional water in the late 1980's, the Corps prepared a draft post authorization change report as part of the process of granting the request. Subsequently, Alabama initiated litigation against the Corps in the United States District Court for the Northern District of Alabama, in which Florida and Georgia intervened.

Following almost twenty years of litigation and negotiations involving the use of water among various private entities and governmental entities in Georgia, Alabama, and Florida, multiple cases involving the use of the waters of the Apalachicola-Chattahoochee-Flint River Basin were referred to the United States District Court for the Middle District of Florida (the "District Court"), sitting as a multi-district litigation court, for resolution. The main components of such litigation are: (1) a case involving the rights of Georgia municipalities to use water from Lake Lanier (the "Georgia I" case); (2) a case involving the right of the Southeastern Federal Power Customers Association to be compensated for loss of hydroelectric power production due to the increasing use of water from Lake Lanier by Georgia municipalities; and (3) a case dealing with the quantity of water that the Corps should release from Lake Lanier to support the habitat of certain endangered species in the Apalachicola River in Florida in purported violation of the Endangered Species Act (the "ESA Litigation"). The ESA Litigation is in the early stages.

On July 17, 2009, the District Court issued an order making the following findings in the Georgia I case (the "Georgia I Order"): (1) water supply is not an authorized purpose of Lake Lanier, i.e., the lake was not built to provide for water supplies to municipalities in Georgia; (2) the quantity of water usage that would be authorized under a 1989 draft post authorization change in use report prepared by the Corps would require approval by the U.S. Congress; (3) the present level of water usage from Lake Lanier by Georgia municipalities violates the Federal Water Supply Act of 1958 and therefore is not authorized; and (4) the request by Georgia to the Corps, made in 2000, for additional water from Lake Lanier, would also violate the Federal Water Supply Act of 1958, and would be unauthorized. The Georgia I Order allows Georgia municipalities to continue using water from Lake Lanier for three years at current water usage levels in order to achieve a Congressional or other settlement, after which



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 13 - Subsequent Events (continued)

water usage from Lake Lanier (in the form of withdrawals from the lake and releases for downstream withdrawal) must revert to the "baseline" operation of the mid-1970's, with an exception for withdrawal of 10 million gallons of water per day for the cities of Buford and Gainesville, Georgia. The State has filed a notice of appeal and has also requested that the District Court enter final judgment in Georgia I on the theory that all issues in such case are resolved. The District Court has declined the State's request for the entry of final judgment. Alabama and Florida, as opposing parties, contend that the Georgia I Order is not appealable and have asked the Eleventh Circuit Court of Appeals to dismiss Georgia's appeal.

#### C. Natural Disasters

In September 2009 the State of Georgia was hit by severe weather systems which led to flooding in many of the counties located in metro Atlanta and several counties in the northern part of the State. The Governor's Office issued state of emergency declarations for 17 counties. Federal disaster declarations were subsequently issued for certain of the affected counties. Initial estimates of the impact of this event on the Governor's Emergency Fund amount to about \$22 million.

#### D. Retiree Benefit Changes

The State Health Benefit Plan implemented plan design and premium pricing changes for the 2010 calendar plan year. These changes are expected to reduce the other postemployment benefit unfunded actuarial accrued liability by about \$930.2 million. Additionally, in compliance with OCGA sections 20-2-875 and 45-18-25, the Georgia Retiree Health Benefit Fund was split into two funds as of August 31, 2009. The Georgia School Personnel Post-employment Health Benefit Fund was created to provide for the costs of post-employment health insurance benefits for public school teachers and public school employees. The Georgia State Employees Post-employment Health Benefit Fund was created to provide for the costs of post-employment health insurance benefits for state employees. On that date, funds held in the Georgia Retiree Health Benefit Fund for the payment of postretirement health benefits were transferred to the two new funds based on an actuarially calculated allocation of plan assets, and the original fund was terminated.

#### E. Unemployment Trust Fund

The solvency of Georgia's unemployment trust fund has been a growing concern as the current economic downturn has continued. In December 2009, under Section 2004 of the American Recovery & Reinvestment Act of 2009, the Georgia Department of Labor requested and received authority to access federal interest-free advances to cover the cost of future unemployment benefit payments, as needed. For the remainder of 2009, the State projects that \$70 million will be needed to cover Georgia's future benefit obligations.

#### Component Units

##### A. Revenue Bonds

As of fiscal year-end the Georgia Ports Authority reported \$51.2 million as investments in government bonds. The investments represent the repurchase of the Authority's own issued and outstanding variable rate revenue bonds which must be remarketed and placed into the state-county-municipal bond market no later than December 31, 2009. In September 2009, the Authority executed a new remarketing agreement, letter of credit, and reimbursement agreement which became effective in October 2009. The bonds were remarketed under the letter of credit, except for two bonds with a combined value of \$3.5 million which were redeemed on September 15th.

The Georgia Housing and Finance Authority began the process of issuing a single family mortgage revenue bond (Series 2009B) for approximately \$50 million. The Authority expects to close this bond issue in December 2009. Proceeds from the bond issue are expected to be used to purchase mortgages on affordable single family residences for those buyers who qualified under GHFA guidelines.

##### B. Line of Credit

The Georgia Student Finance Authority entered into a new \$150 million line of credit agreement on July 1, 2009. The interest rate incurred under the agreement will be the Eurodollar rate applicable to each day during each interest period plus 1.00% per annum. A rate of 0.025% or 25 basis points will be applied to any unused line balance. Both the interest expense and unused line fee are payable quarterly, based on calendar quarters. The agreement matures on June 29, 2010.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 14 - Retirement Systems

The State administers various retirement plans under two major retirement systems: Employees' Retirement System of Georgia (ERS System) and Teachers Retirement System of Georgia. These two systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective system offices. The State's significant retirement plans are described below. More detailed information can be found in the plan agreements and related legislation. Each plan, including benefit and contribution provisions, was established and can be amended by State law. The State also provides an optional retirement plan for certain university employees: the Regents Retirement Plan.

#### Plan Descriptions and Contribution Information

##### *Employees' Retirement System of Georgia*

The ERS System is comprised of individual retirement systems and plans covering substantially all employees of the State except for teachers and other employees covered by the Teachers Retirement System of Georgia. One of the ERS System plans, the Employees' Retirement System of Georgia (ERS), is a cost-sharing multiple-employer defined benefit pension plan that was established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation. ERS acts pursuant to statutory direction and guidelines, which may be amended prospectively for new hires but for existing members and beneficiaries may be amended in some aspects only subject to potential application of certain constitutional restraints against impairment of contract.

On November 20, 1997, the Board created the Supplemental Retirement Benefit Plan (SRBP-ERS) of ERS. SRBP-ERS was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of ERS. The purpose of the SRBP-ERS is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC Section 415. Beginning January 1, 1998, all members and retired former members in ERS are eligible to participate in the SRBP-ERS whenever their benefits under ERS exceed the limitation on benefits imposed by IRC Section 415.

The benefit structure of ERS is established by the Board of Trustees under statutory guidelines. Unless the

employee elects otherwise, an employee who currently maintains membership with ERS based upon State employment that started prior to July 1, 1982, is an "old plan" member subject to the plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are "new plan" members subject to the modified plan provisions. Effective January 1, 2009, newly hired State employees, as well as rehired State employees who did not maintain eligibility for the "old" or "new" plan, are members of the Georgia State Employees' Pension and Savings Plan (GSEPS). ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to the GSEPS plan.

Under the old plan, new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon a formula adopted by the Board of Trustees for such purpose. The formula considers the monthly average of the member's highest 24 consecutive calendar months of salary, the number of years of creditable service, and the member's age at retirement. Postretirement cost-of-living adjustments may be made to members' benefits provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Member contribution rates are set by law. Member contributions under the old plan are 4% of annual compensation up to \$4,200 plus 6% of annual compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The State is required to contribute at a specified percentage of active member payroll established by the Board of Trustees determined annually in accordance with actuarial valuation and minimum funding standards as provided by law. These State contributions are not at any time refundable to the member or his/her beneficiary.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 14 - Retirement Systems (continued)

Employer contributions required for fiscal year 2009 were based on the June 30, 2006 actuarial valuation for the old and new plans and were set by the Board of Trustees on September 18, 2008 for GSEPS as follows:

Old Plan *	10.41%
New Plan	10.41%
GSEPS	6.54%

\* 5.66% exclusive of contributions paid by the State on behalf of old plan members

Members become vested after 10 years of service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

#### *Teachers Retirement System of Georgia*

The Teachers Retirement System of Georgia (TRS) is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS.

On October 25, 1996, the Board created the Supplemental Retirement Benefit Plan of the Georgia Teachers Retirement System (SRBP-TRS). SRBP-TRS was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of TRS. The purpose of SRBP-TRS is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP-TRS whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

TRS provides service retirement, disability retirement, and survivor's benefits. The benefit structure of TRS is defined and may be amended by State statute. A member is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service.

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the

number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60 or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, may be made in future years. Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Death, disability and spousal benefits are also available.

TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation.

Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2009 were 5% of annual salary. The member contribution rate will increase to 5.25% effective July 1, 2009 and to 5.53% effective July 1, 2010. Employer contributions required for fiscal year 2009 were 9.28% of annual salary as required by the June 30, 2006 actuarial valuation. The employer contribution rate will increase to 9.74% effective July 1, 2009 and to 10.28% effective July 1, 2010.

The following table summarizes the State's contributions by defined benefit plan for the years ended June 30, 2009, 2008, and 2007 (in thousands):

	ERS		TRS	
	Required Contribution	Percent Contributed	Required Contribution	Percent Contributed
2009	\$ 258,307	100%	\$ 147,863	100%
2008	263,293	100%	142,523	100%
2007	246,649	100%	134,510	100%

The number of participating employers by plan as of June 30, 2009 was:

ERS	744
TRS	392





## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 14 - Retirement Systems (continued)

#### Summary of Significant Accounting Policies

##### *Basis of Accounting*

The ERS and TRS financial statements are prepared on the accrual basis of accounting. Contributions from the plan members are recognized as additions in the period in which the members provide services and are due. Employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Retirement and refund payments are recognized as deductions when due and payable.

##### *Investments*

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. No investment in any one organization except the U. S. Government represents 5% or more of the net assets available for pension benefits.

#### Funded Status and Funding Progress

The funded status of the ERS and TRS plans at June 30, 2008, the most recent actuarial valuation date, is as follows (in thousands):

Retirement System	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a)/(b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
ERS	\$ 14,017,346	\$ 15,680,857	\$ 1,663,511	89.4%	\$ 2,809,199	59.2%
TRS	54,354,284	59,133,777	4,779,493	91.9%	10,197,584	46.9%

Multiyear trend information about the funding progress is presented in the standalone financial reports issued by the ERS System and TRS. These schedules indicate whether the actuarial value of assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Additional information as of the latest actuarial valuations follows:

	ERS	TRS
Valuation date	June 30, 2008	June 30, 2008
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent of pay	Level percent of pay
Remaining amortization period	26 years	30 years
Period Open/Closed	Open	Open
Asset valuation method	7-year smoothed	7-year smoothed
<b>Actuarial assumptions:</b>		
Investment rate of return	7.50% *	7.50% *
Projected salary increases	5.45-9.25% *	3.20-8.60% *
Postretirement cost of living adjustment	None	3.00% annually

\* Includes an inflation assumption of 3.75%



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 14 - Retirement Systems (continued)

#### *Regents Retirement Plan*

##### **Plan Description**

The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan established by the General Assembly of Georgia in Chapter 21 of Title 47 of the OCGA. It is administered and may be amended by the Board of Regents of the University System of Georgia (Proprietary Fund – Higher Education). Under the plan, eligible faculty members or principal administrators may purchase annuity contracts for the purpose of receiving retirement and death benefits. The four approved vendors (AIG-VALIC, American Century, Fidelity, and TIAA-CREF) have separately issued financial reports, which may be obtained through their respective corporate offices.

##### **Benefits**

Benefits depend solely on amounts contributed to the plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.

##### **Funding Policy**

The University System of Georgia makes monthly employer contributions for the Regents Retirement Plan at rates adopted by the Teachers Retirement System of Georgia Board of Trustees in accordance with State statute and as advised by their independent actuary. For fiscal year 2009, the employer contribution was 8.15% for the first six months and 9.24% for the last six months of the participating employee's earnable compensation. Employees contribute 5% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times. In 2009, employer and employee contributions were \$78.7 million (8.15% or 9.24%) and \$45.4 million (5%), respectively.



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 15 - Postemployment Benefits

The State administers two other postemployment benefit (OPEB) plans, the Georgia Retiree Health Benefit Fund (administered by the Department of Community Health) and the State Employees' Assurance Department – OPEB (administered by the ERS System). In addition, the State provides a separate postemployment benefit plan for eligible employees of the University System of Georgia administered by the University System Office (Board of Regents). The financial statements for these plans are presented in the *Fiduciary Funds* section of this report. Separate financial reports that include the required supplementary information for these plans are also publicly available and may be obtained from the respective system offices.

#### Summary of Significant Accounting Policies

##### *Basis of Accounting*

The financial statements of these plans are prepared using the accrual basis of accounting. Contributions from employers and members are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

##### *Investments*

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. No more than 65% of the total invested assets on a historical basis may be placed in equities and no more than 5% in any one corporation.

#### Plan Descriptions and Contribution Information

##### *Georgia Retiree Health Benefit Fund*

The Georgia Retiree Health Benefit Fund (GRHBF) is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that covers retired employees of the State including all departments, agencies and local school systems. GRHBF provides health insurance benefits to eligible retirees and their qualified beneficiaries through the health insurance plan for State employees. The OCGA assigns the authority to establish and amend the benefit provisions of the employees' health insurance plan (including benefits for retirees) to the Board of Community Health (Board).

The contribution requirements of the plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries vary based on plan election, dependent coverage, and Medicare eligibility and

election. On average, plan members pay approximately 25 percent of the cost of the health insurance coverage.

Participating employers are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rates are established to fund both the active and retired employee health insurance plans based on projected "pay-as-you-go" financing requirements. Contributions are not based on the actuarially calculated annual required contribution (ARC) which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The combined contribution rates established by the Board for the active and retiree plans for the fiscal year ended June 30, 2009 were as follows:

	<b>% of Covered Payroll</b>	
<b>State Employees:</b>		
July 2008 – January 2009	22.165%	for August – February Coverage
February 2009	1.926%	for March Coverage
March 2009 – June 2009	0.000%	for April – July Coverage
<b>School Employees:</b>		
July 2008 – January 2009	18.534%	for August – February Coverage
February 2009	8.579%	for March Coverage
March 2009 – June 2009	3.688%	for April – July Coverage

No additional contribution was required by the Board for fiscal year 2009 nor contributed to GRHBF to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the State plan for other postemployment benefits and are subject to appropriation.

The employers' aggregate actual contributions to GRHBF for the years ended June 30, 2009, 2008 and 2007 totaled \$474.1 million, \$550.3 million and \$422.2 million respectively and were equal to the annual required contributions for each year. The State's portion of the contributions for 2008 and 2007 was \$274.8 million and \$146.4 million, respectively.

##### *State Employees' Assurance Department – OPEB*

State Employees' Assurance Department – OPEB (SEAD-OPEB) is a cost-sharing multiple-employer defined benefit postemployment plan that was created in fiscal year 2007 by the Georgia General Assembly to provide term life insurance to retired and vested inactive members of Employees' (ERS), Judicial (JRS), and Legislative (LRS) Retirement Systems, amended to exclude members of JRS and LRS hired on or after July 1,



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 15 - Postemployment Benefits (continued)

2009. Pursuant to Title 47 of the OCGA, the authority to establish and amend the benefit provisions of the plan is assigned to the Boards of Trustees of the Employees' and Judicial Retirement Systems.

Contributions by plan members are established by the Boards of Trustees, up to the maximum allowed by statute (not to exceed 0.5% of earnable compensation). The Boards of Trustees of the Employees' and Judicial Retirement Systems establish employer contribution rates, such rates which, when added to members' contributions, shall not exceed 1% of earnable compensation. For the fiscal year ended June 30, 2009, contributions of ERS "old plan" members were 0.45% of earnable compensation, 0.22% of which was paid by the employer. Contributions of ERS "new plan" members and of members of the Judicial and Legislative Retirement Systems were 0.23% of earnable compensation. There were no employer annual required contributions (ARC) for the fiscal years ended June 30, 2009, 2008 and 2007.

#### ***Board of Regents Retiree Health Benefit Fund***

The Board of Regents Retiree Health Benefit Fund (Regents Plan) is a single-employer, defined benefit postemployment healthcare plan administered by the Board of Regents. The Plan was authorized pursuant to OCGA Section 47-21-21 for the purpose of accumulating funds necessary to meet employer costs of retiree postemployment health insurance benefits.

Pursuant to the general powers conferred by OCGA Section 20-3-31, the Board of Regents of the University System of Georgia (college and university fund) has established group health and life insurance programs for regular employees of the University System. It is the policy of the Board of Regents to permit employees of the University System eligible for retirement or that become permanently and totally disabled to continue as members of the group health and life insurance programs. The policies of the Board of Regents of the University System of Georgia define and delineate who is eligible for these postemployment health and life insurance benefits.

The contribution requirements of plan members and the employer are established and may be amended by the Board of Regents. The Regents Plan is substantially funded on a "pay-as-you-go" basis; however, amounts above the pay-as-you-go basis may be contributed annually, either by specific appropriation or by Board designation. Organizational units of the Board of Regents of the University System pay the employer portion for health insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based

on rates that are established annually by the Board of Regents for the upcoming plan year. For the 2009 plan year, the employer rate was approximately 70-75% of the total health insurance cost for eligible retirees and the retiree rate was approximately 25-30%. With regard to life insurance, the employer covers the total cost for \$25,000 of basic life insurance. If an individual elects to have supplemental and/or dependent life insurance coverage, such costs are borne entirely by the retiree.

Annual OPEB Cost and Net OPEB Obligation – The annual other postemployment benefit cost (expense) for the Regents Plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.





## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 15 - Postemployment Benefits (continued)

The following table presents the components of the annual OPEB cost, the amount actually contributed, and the changes in the net OPEB obligation for the Regents Plan for 2009 and 2008 which was the transition year (in thousands):

	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2008
Annual required contribution	\$ 349,500	\$ 224,900
Interest on net OPEB obligation	7,100	-
Adjustment to annual required contribution	(9,500)	-
Annual OPEB cost (expense)	347,100	224,900
Less: Contributions made	(68,100)	(66,700)
Increase in net OPEB obligation	279,000	158,200
Net OPEB obligation - beginning of year	158,200	-
Net OPEB obligation - end of year	\$ 437,200	\$ 158,200
Percentage of annual OPEB cost contributed	19.6%	29.7%

### Funded Status and Funding Progress – OPEB Plans

The funded status of each plan as of the most recent actuarial valuation date is as follows (in thousands):

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a)/(b)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll (b-a)/(c)
		(a)	(b)			(c)	
GRHBF	6/30/2008	\$ 176,262	\$ 16,624,849	\$ 16,448,587	1.1%	\$ 14,036,194	117.2%
SEAD-OPEB	6/30/2008	737,114	699,884	(37,230)	105.3%	2,850,850	(1.3%)
Regents Plan	7/1/2008	290	3,258,200	3,257,910	0.0%	2,372,385	137.3%

The number of participating employers for the multiple-employer postretirement benefit plans as of June 30, 2009 was:

GRHBF	258
SEAD-OPEB	842

actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress with multiyear trend information for the Regents Plan is presented as *Required Supplementary Information* following the Notes to the Financial

### Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 15 - Postemployment Benefits (continued)

Statements. The multiyear trend information about the funding progress for the multiple-employer plans is presented in the standalone reports issued by the administering systems. These multiyear schedules indicate whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

	<b>GRHBF</b>	<b>SEAD-OPEB</b>	<b>Regents Plan</b>
Valuation date	June 30, 2008	June 30, 2008	July 1, 2008
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percentage of pay, open	Level percentage of pay, open	Level dollar, closed
Remaining amortization period	30 years	6 years	29 years
Asset valuation method	Market Value	Market Value	Market Value
<b>Actuarial assumptions:</b>			
Investment rate of return	4.50%*	7.50%*	4.50%**
Healthcare cost trend rate	9.25%*	n/a	9.00%**
Ultimate trend rate	5.00%		5.50%

\* Includes an inflation assumption of 3.75%

\*\* Includes an inflation assumption of 2.5%



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 16 - Fund Balances/Net Assets

#### Reserved Fund Balance

The reserved fund balances at June 30, 2009 are as follows (dollars in thousands):

	<b>General Fund</b>	<b>Nonmajor Funds</b>	<b>Total Governmental Funds</b>
Encumbrances	\$ 867,166	\$ -	\$ 867,166
Fiscal Year 2010 Appropriation from Revenue			
Shortfall Reserve	258,598	-	258,598
Georgia Academy for the Blind	-	14	14
Guaranteed Revenue Debt Common Reserve fund	71,300	-	71,300
Inventories	38,976	-	38,976
Lottery for Education	1,001,506	-	1,001,506
Roads and Bridges (Motor Fuel Tax Funds)	1,004,341	-	1,004,341
Unissued Debt/Service	102,280	-	102,280
Natural Resources	37,108	-	37,108
Health and Welfare	45,420	-	45,420
Public Safety	48,773	-	48,773
General Government	29,752	-	29,752
Economic Development	5,387	-	5,387
Transportation	5,412	-	5,412
Education	4,934	-	4,934
<b>Total Reserved Fund Balance</b>	<b>\$ 3,520,953</b>	<b>\$ 14</b>	<b>\$ 3,520,967</b>

#### Unreserved Fund Balance

The unreserved fund balances as of June 30, 2009, are as follows (dollars in thousands):

	<b>General Fund</b>	<b>Georgia State Financing and Investment Commission</b>	<b>Total Governmental Funds</b>
Unreserved, Designated			
Capital Outlay	\$ -	\$ 1,496,019	\$ 1,496,019
Unreserved, Undesignated (Deficit)	(492,520)	-	(492,520)
<b>Total Unreserved Fund Balance</b>	<b>\$ (492,520)</b>	<b>\$ 1,496,019</b>	<b>\$ 1,003,499</b>



## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

### Note 16 - Fund Balances/Net Assets (continued)

#### Deficit Fund Balances/Net Assets

The following organizations/funds had deficit balances at June 30, 2009.

##### Primary Government

###### *Governmental Activities*

*Governmental Activities* – At June 30, 2009, organizations/funds reported in governmental activities had an unrestricted net asset deficit of \$468.9 million

###### *General Fund*

*General Fund* – At June 30, 2009, the state's general fund had an unreserved, undesignated fund balance deficit of \$492.5 million.

###### *Business-Type Activities*

*Business-type activities* – At June 30, 2009, organizations reported in business-type activities had an unrestricted net assets deficit of \$152 million. This deficit is related to the unrestricted net assets deficit of \$97 million in the higher education fund and adjustments made to record services that should have been charged by organizations reported under the internal service funds.

###### *Internal Service Funds*

*Department of Administrative Services* – At June 30, 2009, the agency had an unrestricted net assets deficit of \$485 thousand and total net assets deficit of \$129 thousand.

###### *Component Units*

*North Georgia Mountains Authority* – At June 30, 2009, the Authority had an unrestricted net assets deficit of \$6.3 million.

*Georgia College and State University Foundation* – At June 30, 2009, the Foundation had an unrestricted net assets deficit of \$11.1 million, and a total net assets deficit of \$520 thousand.

*Georgia Southern University Housing Foundation, Incorporated* – At June 30, 2009, the Foundation had an unrestricted net assets deficit of \$12 million.

*Georgia Tech Athletic Association* – At June 30, 2009, the Association had an unrestricted net assets deficit of \$6 million.

*Georgia Tech Facilities, Incorporated* – At June 30, 2009 the Corporation had a total net assets deficit of \$10.6 million.

*Kennesaw State University Foundation, Incorporated* – At June 30, 2009, the Corporation had an unrestricted net assets deficit of \$5.8 million.

*Valdosta State University Auxiliary Services Real Estate Foundation, Incorporated* – At June 30, 2009, the Corporation had an unrestricted net assets deficit of 9.3 million, and a total net assets deficit of 1.5 million.

#### Restricted Net Assets

The governmental activities column on the government-wide statement of net assets reports \$2.3 billion of restricted net assets, of which \$2.2 billion is restricted by enabling legislation.

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## REQUIRED SUPPLEMENTARY INFORMATION

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# State of Georgia

## Required Supplementary Information For the Fiscal Year Ended June 30, 2009

### *Schedule of Funding Progress (OPEB)*

(dollars in thousands)

Retirement System	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability ("AAL") - Projected Unit Credit (b)	Unfunded AAL/(Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL/(Funding Excess) as a Percentage of Covered Payroll [(b-a)/c]
Board of Regents -	7/1/2007 (1)	\$ -	\$ 1,985,200	\$ 1,985,200	0.0%	\$ 2,201,804	90.2%
Retiree Health Benefit	7/1/2008	\$ 290	\$ 3,258,200	\$ 3,257,910	0.0%	\$ 2,372,385	137.3%

(1) The allocation and transfer of assets to the Fund took place subsequent to the July 1, 2007 actuarial valuation.

# State of Georgia

## Required Supplementary Information

### Budgetary Comparison Schedule

#### Budget Fund

#### For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

	Original Appropriation	Final Budget	Actual	Variance Positive (Negative)
<b>Funds Available (Inflows)</b>				
State Appropriation				
State General Funds	\$ 19,080,430	\$ 16,827,930	\$ 16,503,094	\$ (324,836)
Brain and Spinal Injury Trust Fund	1,969	1,969	1,969	-
Lottery Funds	882,256	880,152	880,152	-
State Motor Fuel Funds	1,042,159	1,027,530	1,027,530	-
Tobacco Settlement Funds	159,069	159,069	159,069	-
State Funds - Prior Year Carry-Over				
State General Funds - Prior Year	-	251,844	411,587	159,743
Brain and Spinal Injury Trust Fund - Prior Year	-	1,802	1,664	(138)
State Motor Fuel Funds - Prior Year	-	335,429	25,971	(309,458)
Federal Funds				
CCDF Mandatory & Matching Funds	94,349	108,589	107,558	(1,031)
Child Care and Development Block Grant	56,568	51,290	49,376	(1,914)
Community Mental Health Services Block Grant	13,117	14,939	14,866	(73)
Community Services Block Grant	17,409	17,214	17,912	698
Federal Highway Administration Highway Planning and Construction	1,242,767	1,155,373	1,040,944	(114,429)
Foster Care Title IV-E	87,240	104,066	89,605	(14,461)
Low-Income Home Energy Assistance	24,912	74,791	74,553	(238)
Maternal and Child Health Services Block Grant	20,986	24,726	10,912	(13,814)
Medical Assistance Program	5,848,256	5,165,719	5,216,616	50,897
Prevention and Treatment of Substance Abuse Block Grant	63,291	58,226	52,567	(5,659)
Preventive Health and Health Services Block Grant	4,404	3,907	2,215	(1,692)
Social Services Block Grant	55,016	55,598	54,982	(616)
State Children's Insurance Program	261,193	249,579	224,728	(24,851)
Temporary Assistance for Needy Families Block Grant	342,225	363,325	324,174	(39,151)
TANF - Block Grant Transfers to Child Care Development Fund	252	-	-	-
TANF - Block Grant Transfers to Social Services Block Grant	25,800	1,941	1,941	-
TANF - Block Grant Unobligated Balance	87,619	44,827	46,860	2,033
Federal Funds Not Specifically Identified	3,333,745	4,071,541	3,571,151	(500,390)
American Recovery and Reinvestment Act of 2009				
Federal Highway Administration Highway Planning and Construction	-	126,134	-	(126,134)
Foster Care Title IV-E	-	2,891	2,906	15
Medical Assistance Program	-	540,556	497,038	(43,518)
Federal Funds Not Specifically Identified	-	344,203	232,828	(111,375)
Other Funds	8,042,052	8,663,679	8,472,798	(190,881)
<b>Total Funds Available</b>	<b>40,787,084</b>	<b>40,728,839</b>	<b>39,117,566</b>	<b>(1,611,273)</b>
<b>Expenditures (Outflows)</b>				
Legislative Branch				
General Assembly of Georgia				
Georgia Senate	11,402	10,959	9,243	1,716
Georgia House of Representatives	19,851	18,900	16,993	1,907
Georgia General Assembly Joint Offices	10,479	10,246	8,102	2,144
Audits and Accounts, Department of	35,427	30,654	30,060	594
Judicial Branch				
Appeals, Court of	14,894	12,895	12,734	161
Judicial Council	19,454	19,477	18,320	1,157
Juvenile Courts	7,139	6,930	7,330	(400)
Prosecuting Attorneys	61,049	64,798	63,809	989
Superior Courts	63,622	56,381	55,542	839
Supreme Court	8,838	7,961	8,045	(84)
Executive Branch				
Accounting Office, State	14,715	17,211	17,107	104
Administrative Services, Department of	168,068	191,902	191,269	633
Agriculture, Department of	58,333	54,447	53,634	813
Banking and Finance, Department of	12,898	11,808	11,169	639
Community Affairs, Department of	257,672	281,244	275,134	6,110
Community Health, Department of	12,278,614	11,441,329	11,082,216	359,113



# State of Georgia

## Required Supplementary Information

### Budgetary Comparison Schedule

#### Budget Fund

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

	Original Appropriation	Final Budget	Actual	Variance Positive (Negative)
<b>Expenditures (Outflows)</b>				
Corrections, Department of	1,222,424	1,134,077	1,101,067	33,010
Defense, Department of	40,846	50,457	50,079	378
Driver Services, Department of	65,636	59,701	58,202	1,499
Early Care and Learning, Department of	463,708	467,269	465,365	1,904
Economic Development, Department of	39,602	35,045	34,489	556
Education, Department of	9,853,646	9,484,029	9,137,709	346,320
Employees' Retirement System	25,175	27,683	25,552	2,131
Forestry Commission, Georgia	52,795	54,178	53,485	693
Governor, Office of the	87,455	191,505	166,318	25,187
Human Resources, Department of	3,827,487	3,442,060	3,276,727	165,333
Insurance, Office of the Commissioner of	20,282	17,426	16,826	600
Investigation, Georgia Bureau of	135,082	119,907	118,419	1,488
Juvenile Justice, Department of	364,857	316,063	305,758	10,305
Labor, Department of	439,890	474,444	455,549	18,895
Law, Department of	56,477	62,871	60,834	2,037
Natural Resources, Department of	303,876	344,329	294,045	50,284
Pardons and Paroles, State Board of	59,246	53,273	51,362	1,911
Personnel Administration, State	13,989	18,665	15,919	2,746
Properties Commission, State	1,038	1,485	1,455	30
Public Defender Standards Council, Georgia	42,140	38,101	62,381	(24,280)
Public Safety, Department of	182,492	179,592	165,571	14,021
Public Service Commission	11,018	9,702	9,521	181
Regents, University System of Georgia	5,352,162	5,833,646	5,294,161	539,485
Revenue, Department of	580,140	585,783	583,312	2,471
Secretary of State	42,444	38,332	36,412	1,920
Soil and Water Conservation Commission	13,629	8,103	8,041	62
Student Finance Commission, Georgia	589,785	591,288	589,991	1,297
Teachers' Retirement System	27,709	28,053	25,519	2,534
Technical College System of Georgia	621,090	614,900	578,756	36,144
Transportation, Department of	2,132,651	3,180,412	2,600,821	579,591
Veterans Service, Department of	48,263	40,189	38,543	1,646
Workers' Compensation, State Board of	17,920	19,139	15,468	3,671
General Obligation Debt Sinking Fund	1,009,675	969,990	1,003,561	(33,571)
Financing and Investment Commission, Georgia State	-	-	5,718	(5,718)
<b>Total Expenditures</b>	<b>40,787,084</b>	<b>40,728,839</b>	<b>38,567,643</b>	<b>2,161,196</b>
<b>Excess of Funds Available over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 549,923</b>	<b>\$ 549,923</b>

# State of Georgia

## Required Supplementary Information

### Budgetary Comparison Schedule

### Budget-To-GAAP Reconciliation

### For the Fiscal Year Ended June 30, 2009

(expressed in thousands)

	<u>General Fund</u>
<b>Sources/Inflows of Resources</b>	
Actual amounts (budgetary basis) "Total Funds Available" from the budgetary comparison schedule	\$ 39,117,566
Differences - budget to GAAP:	
Perspective differences:	
Revenues of budgeted funds included in the Budget Fund, but removed from the General Fund for financial reporting purposes.	(6,364,812)
Revenues of nonbudgeted funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes.	17,825,712
State appropriation revenues are budgetary resources, but are netted with the State's treasury disbursements for GAAP purposes.	(18,743,347)
Basis Differences:	
Accrual of taxpayer assessed receivables and revenues.	(111,460)
Fund balance adjustments are not inflows of budgetary resources, but affect current year revenues for GAAP reporting purposes.	(216,403)
Prior Year Reserves Available for Expenditure are included in Funds Available, but are not revenues for GAAP reporting purposes.	(951,335)
Revenues from intrafund transactions are budgetary resources, but are not revenues for GAAP reporting purposes.	(381,309)
Receivables and revenues accrued based on encumbrances reported for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for GAAP reporting.	145,075
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	(443,216)
Revenue reported for nonbudgetary food stamp program.	1,708,198
Revenue reported for nonbudgetary donated commodities.	153,070
Some federal financial assistance is reported as revenue when received in the Budget Fund, but these funds are not earned at year end, and are shown as deferred revenue for GAAP purposes.	81,508
Other net accrued receivables and revenues.	<u>(52,403)</u>
Total Revenues (General Fund) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ <u><u>31,766,842</u></u>

# State of Georgia

## Required Supplementary Information

### Budgetary Comparison Schedule

### Budget-To-GAAP Reconciliation

### For the Fiscal Year Ended June 30, 2009

(expressed in thousands)

	<u>General Fund</u>
<b>Uses/Outflows of Resources</b>	
Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule	\$ 38,567,643
Differences - budget to GAAP:	
Perspective differences:	
Expenditures of Nonbudgeted Funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes.	195,655
Expenditures of Budgeted Funds for organizations not reported in the General Fund.	(8,927,444)
Basis Differences:	
Accrual of teacher salaries not included in current budget year.	(77,646)
Capital lease acquisitions are not outflows of budgetary resources, but are recorded as current expenditures and other financing sources for GAAP reporting.	3,627
Change in expenditure accrual for nonbudgetary Medicaid claims	21,530
Encumbrances for supplies and equipment ordered but not received are reported as budgetary expenditures in the year the order is placed, but are reported as GAAP expenditures in the year the supplies and equipment are received.	800,163
Expenditures from intrafund transactions are budgetary outflows, but are not expenditures for GAAP reporting purposes.	(381,310)
Expenditures reported for nonbudgetary food stamp program.	1,697,574
Expenditures reported for nonbudgetary donated commodities.	153,070
Fund balance adjustments are not outflows of budgetary resources, but affect current year expenditures for GAAP reporting purposes.	(641,115)
Transfers to other funds are outflows of budgetary resources, but are not expenditures for GAAP reporting purposes.	(1,214,466)
Other net accrued liabilities and expenditures.	<u>13,449</u>
Total Expenditures (General Fund) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ <u><u>30,210,730</u></u>

## Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2009

### Budgetary Reporting

#### Budgetary Process

The Official Code of Georgia Annotated (OCGA), Title 45, Chapter 12, Article 4 sets forth the process for the development and monitoring of an appropriated budget for the State of Georgia. Not later than September 1 of each year, the head of each executive branch budget unit (e.g. agencies, departments, and commissions) must submit estimates of the financial requirements for the subsequent fiscal year to the Office of Planning and Budget (OPB), which operates under the direction of the Governor. Budget estimates relative to the legislative and judicial branches of State government are provided to OPB for the purpose of estimating the total financial needs of the State, but are not subject to revision or review by OPB.

The Governor, through the OPB, examines the estimates and may investigate and revise executive branch submissions as necessary. Upon the completion and revisions of the estimates, the Governor must prepare and submit a budget report to the General Assembly within five days of the date on which the General Assembly convenes. The Governor also possesses the responsibility and authority to establish the revenue estimate for the corresponding fiscal year.

The General Assembly, after adopting such modifications to the Governor's budget report as it deems necessary, enacts the General Appropriations Act for the subsequent fiscal year. Each General Appropriations Act enacted, along with amendments as are adopted, continues in force and effect for the next fiscal year after adoption. In accordance with the Constitution of the State of Georgia, Article III, Section IX, Paragraph IV, "The General Assembly shall not appropriate [State] funds for any given fiscal year which, in aggregate, exceed a sum equal to the amount of unappropriated surplus expected to have accrued in the state treasury at the beginning of the fiscal year together with an amount not greater than the total treasury receipts from existing revenue sources anticipated to be collected in the fiscal year, less refunds, as estimated in the budget report and amendments thereto." The Constitution also authorizes the passage of additional Supplementary Appropriation Acts, provided sufficient surplus is available or additional revenue measures have been enacted. Finally, the Governor may withhold allotments of funds to budget units in order to maintain this balance of revenues and expenditures. Compliance with this requirement is demonstrated in the Governor's budget report and the Appropriation Acts for each fiscal year.

To the extent that federal funds received by the State are changed by federal authority or exceed the amounts appropriated by the original or supplementary appropriations acts, such excess, changed or unanticipated funds are "continually appropriated;" that is, they are amended in to

departmental budgets when such events are known. Similarly, revenues generated by departments that may be retained for departmental operations ("other funds") are amended in as such funds are collected or anticipated.

Internal transfers within a budget unit are subject to the condition that no funds shall be transferred for the purpose of initiating a new program area which otherwise had received no appropriation of any funding source.

The Governor, through OPB, requires each budget unit, other than those of the legislative and judicial branches, to submit an annual operating budget based on the programs set forth in the Appropriations Act. Budget units submit periodic allotment requests, which must be approved in conjunction with quarterly work programs prior to release of appropriated funds. Further monitoring of budget unit activities is accomplished by review of expenditure reports, which are submitted quarterly to OPB.

The appropriated budget covers a majority of the organizations comprising the State's General Fund, and includes appropriations for debt service. The budget also includes certain proprietary funds, the Higher Education Fund, and the administrative costs of operating certain public employee retirement systems.

Budget units of the State are responsible for budgetary control of their respective portion of the total State appropriated budget. The legal level of budgetary control is at the program level by funding source. Due to the complex nature of the State appropriated budget, a separate *Budgetary Compliance Report* is published each year to demonstrate compliance at the legal level of budgetary control.

#### Budgetary Basis of Accounting

The annual budget of the State of Georgia is prepared on the modified accrual basis utilizing encumbrance accounting with the following exceptions: federal and certain other revenues are accrued based on the unexecuted portion of long-term contracts; and intrafund transactions are disclosed as revenues and expenditures. Under encumbrance accounting, encumbrances are used to indicate the intent to purchase goods or services. Liabilities and expenditures are recorded upon issuance of completed purchase orders. Goods or services need not have been received for liabilities and expenditures to be recorded.

The budget represents departmental appropriations recommended by the Governor and adopted by the General Assembly prior to the beginning of the fiscal year. Annual appropriated budgets are adopted at the departmental

## Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2009

### Budgetary Reporting (continued)

(budget unit) level by program and funding source. All unencumbered annual appropriations lapse at fiscal year-end unless otherwise specified by constitutional or statutory provisions. Supplementary and amended appropriations may be enacted during the next legislative session by the same process used for original appropriations.

#### Budgetary Compliance Exceptions

Expenditures of State funds may not exceed the amount appropriated at the legal level of control as provided by the Constitution. For the year ended June 30, 2009, total State funds expenditures did not exceed appropriated amounts.

While overall expenditures of state funds did not exceed appropriations, budget units were unable to consistently demonstrate budgetary compliance at the “funding source within program” level as prescribed by the 2009 Appropriations Act. For more information on budgetary exceptions, please refer to the *Budgetary Compliance Report* issued under separate cover. This report can be found on website of the State Accounting Office at <http://sao.georgia.gov/>.

#### Budgetary Presentation

The accompanying Budgetary Comparison Schedule for the Budget Fund presents comparisons of the legally adopted budget with actual data prepared on the budgetary basis of accounting utilized by the State. The Budget Fund, a compilation of the budget units of the State, differs from the funds presented in the basic financial statements. The Budget-to-GAAP reconciliation immediately following the budgetary comparison schedule identifies the types and amounts of adjustments necessary to reconcile the Budget Fund with the General Fund as reported in accordance with generally accepted accounting principles.



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# COMBINING AND INDIVIDUAL FUND STATEMENTS

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## NONMAJOR GOVERNMENTAL FUNDS

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# State of Georgia

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## Nonmajor Governmental Funds

### SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. The State's special revenue funds represent the blended component units that conduct general governmental functions as described below:

**Georgia Economic Development Foundation, Inc.** is a legally separate nonprofit corporation organized to assist the Department of Economic Development in its activities promoting the economic development of the State of Georgia.

**Georgia Tourism Foundation** is a legally separate nonprofit corporation organized to lessen the government burden in promoting tourism by soliciting contributions for the State-wide Tourism Marketing Program.

**State Road and Tollway Authority** is a legally separate public corporation created to construct, operate and manage a system of roads, bridges and tunnels and facilities related thereto. The Authority issues bonded debt which finances State transportation infrastructure construction. Debt service payments due on outstanding bonds are paid by the Authority from redirected funds from the U. S. Department of Transportation and/or State motor fuel tax funds.

### DEBT SERVICE FUND

The Debt Service Fund accounts for the payment of principal and interest on the State's general long-term debt.

### CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for the acquisition or construction of governmental capital assets. The State's nonmajor capital projects funds are described below:

**Georgia Building Authority (Markets)** accounts for the construction and renovation of farmers markets and related facilities.

### PERMANENT FUND

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the State or its citizenry. The State's nonmajor permanent fund is described below:

The **Pupils Trust Fund - Georgia Academy for the Blind** is used to account for principal trust amounts received and related interest income. The interest portion of the trust may be used for student activities at Georgia Academy for the Blind.

# State of Georgia

## Combining Balance Sheet Nonmajor Governmental Funds June 30, 2009 (dollars in thousands)

	Special Revenue		
	Georgia Economic Development Foundation, Inc.	Georgia Tourism Foundation	State Road and Tollway Authority
<b>Assets</b>			
Cash and Cash Equivalents	\$ 326	\$ 44	\$ 224,627
Investments	-	-	191,968
Accounts Receivable	-	-	1,155
Due From Other Funds	-	-	2
Restricted Assets			
Cash and Cash Equivalents	-	-	10,713
Investments	-	-	9,014
Other Assets	-	-	58
Total Assets	<u>\$ 326</u>	<u>\$ 44</u>	<u>\$ 437,537</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts Payable and Other Accruals	\$ -	\$ -	\$ 229
Due to Other Funds	-	-	616
Other Liabilities	-	-	224
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,069</u>
Fund Balances:			
Reserved for Georgia Academy for the Blind	-	-	-
Unreserved, Undesignated	326	44	436,468
Total Fund Balances	<u>326</u>	<u>44</u>	<u>436,468</u>
Total Liabilities and Fund Balances	<u>\$ 326</u>	<u>\$ 44</u>	<u>\$ 437,537</u>

Debt Service	Capital Projects		Permanent Fund	Total
	Georgia Building Authority (Markets)			
\$ -	\$ -	\$ 14	\$ 225,011	
-	-	-	191,968	
-	-	-	1,155	
-	-	-	2	
-	-	-	10,713	
-	-	-	9,014	
-	-	-	58	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ 437,921</u>	
\$ -	\$ -	\$ -	\$ 229	
-	-	-	616	
-	-	-	224	
-	-	-	1,069	
-	-	14	14	
-	-	-	436,838	
-	-	14	436,852	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ 437,921</u>	

# State of Georgia

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

	Special Revenue		
	Georgia Economic Development Foundation, Inc.	Georgia Tourism Foundation	State Road and Tollway Authority
<b>Revenues:</b>			
Intergovernmental - Other	\$ -	\$ -	\$ 6,152
Sales and Services	64	19	-
Interest and Other Investment Income	3	2	4,218
Other	765	74	1,169
<b>Total Revenues</b>	<b>832</b>	<b>95</b>	<b>11,539</b>
<b>Expenditures:</b>			
Education	-	-	-
Transportation	-	-	8,876
Economic Development and Assistance	928	237	-
Debt Service			
Principal	-	-	92,980
Interest	-	-	86,450
Accrued Interest on Bonds Retired in Advance	-	-	-
Premium on Bonds Retired in Advance	-	-	-
Other Debt Service Expenditures	-	-	-
<b>Total Expenditures</b>	<b>928</b>	<b>237</b>	<b>188,306</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(96)	(142)	(176,767)
<b>Other Financing Sources (Uses):</b>			
Debt Issuance - Refunding Bonds	-	-	-
Debt Issuance - Revenue Bonds	-	-	600,000
Debt Issuance - Refunding Bonds - Premium	-	-	-
Debt Issuance - Revenue Bonds - Premium	-	-	57,683
Debt Issuance - Refunding Bonds - Accrued Interest	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-
Operating Transfers In	-	-	205,585
Operating Transfers Out	-	-	(535,876)
<b>Net Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>327,392</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(96)	(142)	150,625
Fund Balances, July 1 (Restated - Note 3)	422	186	285,843
<b>Fund Balances, June 30</b>	<b>\$ 326</b>	<b>\$ 44</b>	<b>\$ 436,468</b>

	Capital Projects		
	Georgia Building Authority (Markets)	Permanent Fund	Total
Debt Service			
\$ -	\$ -	\$ -	\$ 6,152
-	-	1	84
-	-	-	4,223
-	-	-	2,008
-	-	1	12,467
-	-	1	1
-	-	-	8,876
-	-	-	1,165
708,585	-	-	801,565
382,831	-	-	469,281
619	-	-	619
2,907	-	-	2,907
27,322	-	-	27,322
1,122,264	-	1	1,311,736
(1,122,264)	-	-	(1,299,269)
149,730	-	-	149,730
-	-	-	600,000
21,730	-	-	21,730
-	-	-	57,683
538	-	-	538
(171,307)	-	-	(171,307)
1,121,573	-	-	1,327,158
-	(40)	-	(535,916)
1,122,264	(40)	-	1,449,616
-	(40)	-	150,347
-	40	14	286,505
\$ -	\$ -	\$ 14	\$ 436,852





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## NONMAJOR ENTERPRISE FUNDS

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# State of Georgia

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## Nonmajor Enterprise Funds

### ENTERPRISE FUNDS

The Enterprise Funds account for the business type activities of smaller governmental agencies that are funded by the issuance of debt or fees charged to external customers. The State's Nonmajor Enterprise Funds are described below:

**Georgia Higher Education Facilities Authority** is a legally separate public corporation created for the purpose of financing eligible construction, renovation, improvement, and rehabilitation or restoration projects for the Board of Regents of the University System of Georgia and the Technical College System of the State of Georgia through the issuance of revenue bonds. The Authority issues debt and enters into lease agreements with Higher Education Foundations (Discretely Presented Component Units). The costs of the Authority's debt are recovered through lease payments from the Higher Education Foundations.

**State Road and Tollway Authority** is a legally separate public corporation created to operate and manage a system of roads, bridges and tunnels and facilities related thereto. The State Road and Tollway Authority uses an enterprise fund to account for its operation of the Georgia 400 Extension Tollway in Atlanta, Georgia.

# State of Georgia

## Combining Statement of Net Assets

### Nonmajor Enterprise Funds

June 30, 2009

(dollars in thousands)

	State Road and Tollway Authority	Georgia Higher Education Facilities Authority	Total
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 13,555	\$ 272	\$ 13,827
Investments	6,654	245	6,899
Accounts Receivable, Net	86	238	324
Due From Other Funds	616	-	616
Other Assets	18,045	-	18,045
<b>Noncurrent Assets:</b>			
Investments	-	99,855	99,855
Notes Receivable	-	1,629	1,629
Restricted Assets			
Cash and Cash Equivalents	7	-	7
Investments	26,680	-	26,680
Depreciable Capital Assets, net	1,902	-	1,902
<b>Total Assets</b>	<u>67,545</u>	<u>102,239</u>	<u>169,784</u>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts Payable and Other Accruals	564	-	564
Due to Other Funds	2	-	2
Compensated Absences Payable - Current	122	-	122
Other Current Liabilities	-	234	234
Current Liabilities Payable from Restricted Assets	11,634	-	11,634
<b>Noncurrent Liabilities:</b>			
Compensated Absences Payable	47	-	47
Revenue Bonds Payable	16,475	97,381	113,856
<b>Total Liabilities</b>	<u>28,844</u>	<u>97,615</u>	<u>126,459</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	1,902	-	1,902
Unrestricted	36,799	4,624	41,423
<b>Total Net Assets</b>	<u>\$ 38,701</u>	<u>\$ 4,624</u>	<u>\$ 43,325</u>

# State of Georgia

## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2009 (dollars in thousands)

	State Road and Tollway Authority	Georgia Higher Education Facilities Authority	Total
<b>Operating Revenues:</b>			
Rents and Royalties	\$ 49	\$ -	\$ 49
Sales and Services	20,061	7,559	27,620
Total Operating Revenues	20,110	7,559	27,669
<b>Operating Expenses:</b>			
Personal Services	2,044	-	2,044
Services and Supplies	5,018	15	5,033
Depreciation	721	-	721
Amortization	5,393	102	5,495
Total Operating Expenses	13,176	117	13,293
Operating Income (Loss)	6,934	7,442	14,376
<b>Nonoperating Revenues (Expenses):</b>			
Interest and Other Investment Income	647	7	654
Interest Expense	(1,198)	(3,339)	(4,537)
Other	(5)	-	(5)
Total Nonoperating Revenues (Expenses)	(556)	(3,332)	(3,888)
Income (Loss) Before Contributions and Transfers	6,378	4,110	10,488
Change in Net Assets	6,378	4,110	10,488
Net Assets, July 1 (Restated - Note 3)	32,323	514	32,837
<b>Net Assets, June 30</b>	<b>\$ 38,701</b>	<b>\$ 4,624</b>	<b>\$ 43,325</b>



# State of Georgia

## Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2009 (dollars in thousands)

	State Road and Tollway Authority	Georgia Higher Education Facilities Authority	Total
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$ 19,493	\$ 3,105	\$ 22,598
Cash Paid to Vendors	(4,935)	-	(4,935)
Cash Paid to Employees	(2,026)	-	(2,026)
Other Operating Items	-	(4)	(4)
Net Cash Provided by (Used in) Operating Activities	12,532	3,101	15,633
<b>Cash Flows from Noncapital Financing Activities:</b>			
Payment to Lessee on Direct Financing Lease	-	97,319	97,319
Proceeds from Debt	-	(95,650)	(95,650)
Interest Paid on Debt	-	(3,105)	(3,105)
Other Noncapital Items (Net)	-	(1,670)	(1,670)
Net Cash Provided by (Used in) Noncapital Financing Activities	-	(3,106)	(3,106)
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Principal Paid on Capital Debt	(7,560)	-	(7,560)
Interest Paid on Capital Debt	(1,357)	-	(1,357)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(8,917)	-	(8,917)
<b>Cash Flows from Investing Activities:</b>			
Sale (Purchase) of Investments (Net)	(7,305)	18	(7,287)
Interest and Dividends Received	647	7	654
Net Cash Provided by (Used in) Investing Activities	(6,658)	25	(6,633)
Net Decrease in Cash and Cash Equivalents	(3,043)	20	(3,023)
Cash and Cash Equivalents, July 1	16,605	252	16,857
<b>Cash and Cash Equivalents, June 30</b>	<b>\$ 13,562</b>	<b>\$ 272</b>	<b>\$ 13,834</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating Income (Loss)	\$ 6,934	\$ 7,442	\$ 14,376
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>			
Depreciation/Amortization Expense	6,115	102	6,217
Other	-	(4,205)	(4,205)
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(26)	(4)	(30)
Decrease (Increase) in Due from Other Funds	(616)	-	(616)
Decrease (Increase) in Inventories	540	-	540
Decrease in Other Assets	7	-	7
Increase (Decrease) in Accounts Payable and Other Accruals	(459)	-	(459)
Increase (Decrease) in Due to Other Funds	2	-	2
Increase (Decrease) in Unearned Revenue	24	-	24
Increase in Compensated Absences Payable	18	-	18
Increase (Decrease) in Other Liabilities	(7)	(234)	(241)
Net Cash Provided by (Used in) Operating Activities	<b>\$ 12,532</b>	<b>\$ 3,101</b>	<b>\$ 15,633</b>





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## INTERNAL SERVICE FUNDS

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# State of Georgia

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## Internal Service Funds

**Internal Service Funds** are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. The State's internal service funds are described below:

The **Department of Administrative Services** delivers a variety of supportive services to all state agencies and, upon request, to local governments in Georgia. Among the services provided are purchasing, surplus property, document services and fleet management.

The **Georgia Building Authority** is responsible for all services associated with the management of State office buildings, maintaining the grounds within the State Capitol complex, maintaining the Governor's Mansion and operating parking facilities.

The **Correctional Industries Administration** utilizes the inmate work force to manufacture products and provide services for the penal system, other units of state government and local governments.

The **State Personnel Administration** is the central personnel agency for the State, and provides a system of personnel administration to attract, select and retain the best employees, enhance organizational performance, and provide employee benefits.

The **Agency for Removal of Hazardous Materials** administers a program for the abatement and removal of asbestos and other hazardous materials from the premises of the State, state authorities, counties, municipal corporations, local and independent school systems, and other units and authorities of government.

The **Risk Management** column is an accumulation of the funds used to account for self-insurance programs established by individual agreement, statute or administrative action:

The **Liability Insurance Fund** is used to account for the accumulation of funds for the purpose of providing liability insurance coverage for employees of the State against personal liability for damages arising out of performance of their duties.

The **Property Insurance Fund** is used to account for the assessment of premiums against various state agencies for the purpose of providing property, fire and extended coverage, automobile, aircraft and marina insurance.

The **State Indemnification Fund** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any law enforcement officer, fireman or prison guard killed in the line of duty.

The **Supplemental Pay Fund** was created to provide a program of compensation for law enforcement officers who become physically disabled, but not permanently disabled, as a result of physical injury incurred in the line of duty and caused by a willful act of violence and for firefighters who become physically disabled, but not permanently disabled, as a result of physical injury incurred in the line of duty while fighting a fire. This program, not to exceed a 12 month period, shall entitle an injured law enforcement officer or firefighter to receive monthly compensation in an amount equal to such person's regular compensation for the period of time that the person is physically unable to perform the required duties of employment.

## Internal Service Funds

The **Teacher Indemnification Fund** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any public school employees killed or permanently disabled by an act of violence in the line of duty on or after July 1, 2001.

The **Unemployment Compensation Fund** was created for the purpose of consolidating processing of unemployment compensation claims against state agencies and the payment of sums due to the Department of Labor.

The **Workers' Compensation Fund** was established to authorize insurance coverage for employees of the State and for the receipt of premiums as prescribed by the Workers' Compensation statutes of the State.

The **Georgia Technology Authority** was created to provide technology enterprise management and technology portfolio management to state and local governments.

# State of Georgia

## Combining Statement of Net Assets

### Internal Service Funds

June 30, 2009

(dollars in thousands)

	Administrative Services, Department of	Building Authority, Georgia	Correctional Industries Administration
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 961	\$ 13,290	\$ 5,917
Investments	130	11,319	1,253
Accounts Receivable (Net of Allowances for Uncollectibles)	119	476	1,977
Due from Other Funds	-	-	-
Due from Component Units	-	-	-
Intergovernmental Receivables	-	-	-
Other Assets	-	1,978	11,678
Noncurrent Assets:			
Investments	-	-	-
Capital Assets:			
Land	-	21,416	44
Buildings and Building Improvements	246	406,638	12,033
Improvements Other Than Buildings	-	5,160	-
Machinery and Equipment	879	4,075	22,395
Software	-	-	-
Works of Art and Collections	-	1,240	-
Accumulated Depreciation	(769)	(176,410)	(24,950)
Total Assets	1,566	289,182	30,347
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable and Other Accruals	117	2,041	1,043
Due to Other Funds	-	51	18
Unearned Revenue	-	51	-
Claims and Judgments Payable	-	-	-
Compensated Absences Payable - Current	754	1,057	429
Other Current Liabilities	6	2	4
Noncurrent Liabilities:			
Compensated Absences Payable	818	-	1,102
Total Liabilities	1,695	3,202	2,596
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	356	262,119	9,522
Restricted for:			
Other	-	-	-
Unrestricted	(485)	23,861	18,229
Total Net Assets	\$ (129)	\$ 285,980	\$ 27,751

State Personnel Administration	Removal of Hazardous Materials, Agency for	Risk Management (see combining)	Technology Authority, Georgia	Total
\$ 3,569	\$ -	\$ 15,968	\$ 46,452	\$ 86,157
-	-	32,193	34,785	79,680
148	-	35,759	3,260	41,739
-	-	321,074	34,993	356,067
-	-	-	316	316
-	-	-	36	36
-	-	-	-	13,656
-	-	113,280	-	113,280
-	-	-	31	21,491
-	-	-	1,020	419,937
-	-	-	-	5,160
107	-	-	82,050	109,506
-	-	-	58,137	58,137
-	-	-	-	1,240
(55)	-	-	(109,857)	(312,041)
3,769	-	518,274	151,223	994,361
373	-	123	33,801	37,498
104	-	-	-	173
-	-	-	-	51
-	-	517,215	-	517,215
326	-	-	1,471	4,037
13	-	-	1,227	1,252
400	-	-	991	3,311
1,216	-	517,338	37,490	563,537
52	-	-	31,381	303,430
-	-	-	1,106	1,106
2,501	-	936	81,246	126,288
\$ 2,553	\$ -	\$ 936	\$ 113,733	\$ 430,824

# State of Georgia

## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

### Internal Service Funds

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

	Administrative Services, Department of	Building Authority, Georgia	Correctional Industries Administration
<b>Operating Revenues:</b>			
Contributions/Premiums	\$ -	\$ -	\$ -
Rents and Royalties	-	51,867	-
Sales and Services	2,795	2,368	36,700
Other	532	186	-
Total Operating Revenues	3,327	54,421	36,700
<b>Operating Expenses:</b>			
Personal Services	2,227	10,758	9,770
Services and Supplies	2,626	39,205	28,818
Claims and Judgments	-	-	-
Depreciation	113	14,076	1,845
Total Operating Expenses	4,966	64,039	40,433
Operating Income (Loss)	(1,639)	(9,618)	(3,733)
<b>Nonoperating Revenues (Expenses):</b>			
Interest and Other Investment Income	50	311	148
Interest Expense	-	-	-
Other	-	(19,945)	307
Total Nonoperating Revenues (Expenses)	50	(19,634)	455
Income (Loss) Before Contributions and Transfers	(1,589)	(29,252)	(3,278)
Capital Contributions	-	28,711	-
Transfers:			
Transfers In	906	46	5,019
Transfers Out	(1,266)	-	(7,896)
Net Transfers	(360)	46	(2,877)
Change in Net Assets	(1,949)	(495)	(6,155)
Net Assets, July 1	1,820	286,475	33,906
<b>Net Assets, June 30</b>	<u>\$ (129)</u>	<u>\$ 285,980</u>	<u>\$ 27,751</u>

State Personnel Administration	Removal of Hazardous Materials, Agency for	Risk Management (see combining)	Technology Authority, Georgia	Total
\$ -	\$ -	\$ 257,018	\$ -	\$ 257,018
-	-	2	-	51,869
15,820	-	230	190,936	248,849
-	-	92	56	866
15,820	-	257,342	190,992	558,602
7,997	-	2,913	32,615	66,280
6,750	(109)	29,521	148,063	254,874
-	-	292,202	-	292,202
13	-	-	8,310	24,357
14,760	(109)	324,636	188,988	637,713
1,060	109	(67,294)	2,004	(79,111)
-	-	9,180	1,057	10,746
-	-	-	(110)	(110)
-	-	16,985	(1,375)	(4,028)
-	-	26,165	(428)	6,608
1,060	109	(41,129)	1,576	(72,503)
-	-	-	-	28,711
-	-	685	-	6,656
(1,399)	(6)	(685)	(17,055)	(28,307)
(1,399)	(6)	-	(17,055)	(21,651)
(339)	103	(41,129)	(15,479)	(65,443)
2,892	(103)	42,065	129,212	496,267
\$ 2,553	\$ -	\$ 936	\$ 113,733	\$ 430,824

# State of Georgia

## Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2009 (dollars in thousands)

	Administrative Services, Department of	Building Authority, Georgia	Correctional Industries Administration
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$ 3,384	\$ 54,328	\$ 38,238
Cash Received from Required Contributions/Premiums	-	-	-
Cash Paid to Vendors	(2,920)	(39,097)	(31,570)
Cash Paid to Employees	(2,297)	(10,749)	(9,190)
Cash Paid for Claims and Judgments	-	-	-
Other Operating Items	-	-	-
Net Cash Provided by (Used in) Operating Activities	(1,833)	4,482	(2,522)
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from Other Funds	906	46	5,018
Transfers to Other Funds	(1,266)	-	(7,896)
Other Noncapital Items (Net)	-	-	307
Net Cash Provided by (Used in) Noncapital Financing Activities	(360)	46	(2,571)
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Capital Contributions	-	302	-
Proceeds from Sale of Capital Assets	34	4	-
Acquisition and Construction of Capital Assets	-	(401)	(3,645)
Principal Paid on Capital Debt	-	-	-
Interest Paid on Capital Debt	-	-	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	34	(95)	(3,645)
<b>Cash Flows from Investing Activities:</b>			
Sale (Purchase) of Investments (Net)	13	(1,625)	3,861
Interest and Dividends Received	50	310	148
Net Cash Provided by (Used in) Investing Activities	63	(1,315)	4,009
Net Decrease in Cash and Cash Equivalents	(2,096)	3,118	(4,729)
Cash and Cash Equivalents, July 1	3,057	10,172	10,646
<b>Cash and Cash Equivalents, June 30</b>	<b>\$ 961</b>	<b>\$ 13,290</b>	<b>\$ 5,917</b>



State Personnel Administration	Removal of Hazardous Materials, Agency for	Risk Management (see combining)	Technology Authority, Georgia	Total
\$ 16,627	\$ 1	\$ 325	\$ 167,364	\$ 280,267
-	-	99,211	-	99,211
(6,751)	-	(29,418)	(116,865)	(226,621)
(8,160)	-	(2,922)	(34,709)	(68,027)
-	-	(190,738)	-	(190,738)
(2)	-	-	457	455
1,714	1	(123,542)	16,247	(105,453)
-	-	685	-	6,655
(1,399)	(5)	(685)	(17,056)	(28,307)
-	-	62,001	-	62,308
(1,399)	(5)	62,001	(17,056)	40,656
-	-	-	-	302
-	-	-	-	38
(16)	-	-	(453)	(4,515)
-	-	-	(2,624)	(2,624)
-	-	-	(110)	(110)
(16)	-	-	(3,187)	(6,909)
-	-	32,552	6,636	41,437
-	-	6,920	1,057	8,485
-	-	39,472	7,693	49,922
299	(4)	(22,069)	3,697	(21,784)
3,270	4	38,037	42,755	107,941
\$ 3,569	\$ -	\$ 15,968	\$ 46,452	\$ 86,157

(continued)

# State of Georgia

## Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2009 (dollars in thousands)

	Administrative Services, Department of	Building Authority, Georgia	Correctional Industries Administration
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating Income (Loss)	\$ (1,639)	\$ (9,618)	\$ (3,733)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>			
Depreciation Expense	113	14,076	1,845
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	57	431	1,538
Decrease (Increase) in Due from Other Funds	-	-	-
Decrease in Due from Component Units	-	-	-
Decrease in Intergovernmental Receivables	-	-	-
Decrease (Increase) in Inventories	-	2	(3,162)
Increase in Other Assets	39	252	(48)
Increase (Decrease) in Accounts Payable and Other Accruals	(333)	(180)	440
Increase (Decrease) in Due to Other Funds	-	36	18
Increase in Funds Held for Others	-	-	-
Increase (Decrease) in Unearned Revenue	-	(526)	-
Increase in Claims and Judgments Payable	-	-	-
Increase in Compensated Absences Payable	(70)	17	583
Increase (Decrease) in Other Liabilities	-	(8)	(3)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (1,833)</u>	<u>\$ 4,482</u>	<u>\$ (2,522)</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>			
Donation of Capital Assets	\$ -	\$ 28,409	\$ -
Transfer of Capital Assets	-	(19,949)	-
Net Increase in Fair Value of Investments	-	-	-
<b>Total Noncash Investing, Capital and Financing Activities:</b>	<u>\$ -</u>	<u>\$ 8,460</u>	<u>\$ -</u>

State Personnel Administration	Removal of Hazardous Materials, Agency for	Risk Management (see combining)	Technology Authority, Georgia	Total
\$ 1,060	\$ 109	\$ (67,294)	\$ 2,004	\$ (79,111)
13	-	-	8,310	24,357
808	1	(15,786)	2,844	(10,107)
-	-	(142,020)	(26,269)	(168,289)
-	-	-	(180)	(180)
-	-	-	(23)	(23)
-	-	-	400	(2,760)
-	-	57	257	557
(51)	(109)	46	30,541	30,354
50	-	-	-	104
(2)	-	-	457	455
-	-	-	-	(526)
-	-	101,463	-	101,463
(130)	-	-	(2,094)	(1,694)
(34)	-	(8)	-	(53)
<u>\$ 1,714</u>	<u>\$ 1</u>	<u>\$ (123,542)</u>	<u>\$ 16,247</u>	<u>\$ (105,453)</u>
\$ -	\$ -	\$ -	\$ -	\$ 28,409
-	-	-	-	(19,949)
-	-	2,262	-	2,262
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,262</u>	<u>\$ -</u>	<u>\$ 10,722</u>

# State of Georgia

## Combining Statement of Net Assets

### Internal Service Funds

### Risk Management

### June 30, 2009

(dollars in thousands)

	Liability Insurance Fund	Property Insurance Fund	State Indemnification Fund
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 9,630	\$ 3,107	\$ 82
Investments	19,415	6,265	166
Accounts Receivable (Net of Allowances for Uncollectibles)	6	7	-
Due From Other Funds	-	-	-
Noncurrent Assets:			
Investments	68,318	22,044	585
Total Assets	97,369	31,423	833
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable and Other Accruals	86	14	1
Claims and Judgments Payable	112,712	23,868	823
Total Liabilities	112,798	23,882	824
<b>Net Assets</b>			
Unrestricted	\$ (15,429)	\$ 7,541	\$ 9

Supplemental Pay Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
\$ 357	\$ 246	\$ 578	\$ 1,968	\$ 15,968
720	496	1,164	3,967	32,193
-	-	3	35,743	35,759
-	-	-	321,074	321,074
<u>2,533</u>	<u>1,745</u>	<u>4,097</u>	<u>13,958</u>	<u>113,280</u>
<u>3,610</u>	<u>2,487</u>	<u>5,842</u>	<u>376,710</u>	<u>518,274</u>
-	-	1	21	123
<u>-</u>	<u>-</u>	<u>3,123</u>	<u>376,689</u>	<u>517,215</u>
<u>-</u>	<u>-</u>	<u>3,124</u>	<u>376,710</u>	<u>517,338</u>
<u>\$ 3,610</u>	<u>\$ 2,487</u>	<u>\$ 2,718</u>	<u>\$ -</u>	<u>\$ 936</u>

# State of Georgia

## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

### Internal Service Funds

### Risk Management

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

	Liability Insurance Fund	Property Insurance Fund	State Indemnification Fund
<b>Operating Revenues:</b>			
Contributions/Premiums	\$ 837	\$ 26,329	\$ -
Rents and Royalties	1	-	-
Sales and Services	52	178	-
Other	1	-	91
Total Operating Revenues	891	26,507	91
<b>Operating Expenses:</b>			
Personal Services	992	616	133
Services and Supplies	4,485	16,735	60
Claims and Judgments	29,687	20,715	602
Total Operating Expenses	35,164	38,066	795
Operating Income (Loss)	(34,273)	(11,559)	(704)
<b>Nonoperating Revenues:</b>			
Interest and Other Investment Income	5,330	1,778	28
Insurance Recoveries	-	-	-
Other	-	-	-
Total Nonoperating Revenues	5,330	1,778	28
Transfers:			
Transfers In	-	-	685
Transfers Out	-	-	-
Net Transfers	-	-	685
Change in Net Assets	(28,943)	(9,781)	9
Net Assets, July 1	13,514	17,322	-
<b>Net Assets, June 30</b>	<b>\$ (15,429)</b>	<b>\$ 7,541</b>	<b>\$ 9</b>

Supplemental Pay Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
\$ -	\$ 164	\$ 6,989	\$ 222,699	\$ 257,018
-	-	-	1	2
-	-	-	-	230
-	-	-	-	92
-	164	6,989	222,700	257,342
-	-	119	1,053	2,913
103	6	146	7,986	29,521
28	-	9,252	231,918	292,202
131	6	9,517	240,957	324,636
(131)	158	(2,528)	(18,257)	(67,294)
199	114	459	1,272	9,180
-	-	-	-	-
-	-	-	16,985	16,985
199	114	459	18,257	26,165
-	-	-	-	685
(685)	-	-	-	(685)
(685)	-	-	-	-
(617)	272	(2,069)	-	(41,129)
4,227	2,215	4,787	-	42,065
\$ 3,610	\$ 2,487	\$ 2,718	\$ -	\$ 936

# State of Georgia

## Combining Statement of Cash Flows

### Internal Service Funds

### Risk Management

### For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

	Liability Insurance Fund	Property Insurance Fund	State Indemnification Fund
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$ 54	\$ 179	\$ 91
Cash Received from Required Contributions/Premiums	837	26,331	-
Cash Paid to Vendors	(4,396)	(16,720)	(59)
Cash Paid to Employees	(995)	(618)	(134)
Cash Paid for Claims and Judgments	(31,000)	(75,693)	(551)
Net Cash Provided by (Used in) Operating Activities	<u>(35,500)</u>	<u>(66,521)</u>	<u>(653)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from Other Funds	-	-	685
Transfers to Other Funds	-	-	-
Other Noncapital Items (Net)	-	45,016	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>-</u>	<u>45,016</u>	<u>685</u>
<b>Cash Flows from Investing Activities:</b>			
Sale (Purchase) of Investments (Net)	18,472	14,189	(103)
Interest and Dividends Received	3,968	1,324	16
Net Cash Provided by (Used in) Investing Activities	<u>22,440</u>	<u>15,513</u>	<u>(87)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,060)	(5,992)	(55)
Cash and Cash Equivalents, July 1	<u>22,690</u>	<u>9,099</u>	<u>137</u>
<b>Cash and Cash Equivalents, June 30</b>	<u>\$ 9,630</u>	<u>\$ 3,107</u>	<u>\$ 82</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating Income (Loss)	(34,273)	(11,559)	(704)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	-	2	-
Increase in Due From Other Funds	-	-	-
Decrease in Other Assets	29	19	1
Increase (Decrease) in Accounts Payable and Other Accruals	60	(4)	-
Increase (Decrease) in Claims and Judgments Payable	(1,313)	(54,977)	50
Increase in Other Liabilities	(3)	(2)	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ (35,500)</u>	<u>\$ (66,521)</u>	<u>\$ (653)</u>
<b>Noncash Investing Activities:</b>			
Net Increase in Fair Value of Investments	<u>\$ 1,362</u>	<u>\$ 454</u>	<u>\$ 11</u>



Supplemental Pay Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
\$ -	\$ -	\$ -	\$ 1	\$ 325
-	164	6,989	64,890	99,211
(103)	(6)	(147)	(7,987)	(29,418)
-	-	(119)	(1,056)	(2,922)
(28)	-	(8,916)	(74,550)	(190,738)
<u>(131)</u>	<u>158</u>	<u>(2,193)</u>	<u>(18,702)</u>	<u>(123,542)</u>
-	-	-	-	685
(685)	-	-	-	(685)
-	-	-	16,985	62,001
<u>(685)</u>	<u>-</u>	<u>-</u>	<u>16,985</u>	<u>62,001</u>
272	(387)	1,046	(937)	32,552
149	81	378	1,004	6,920
<u>421</u>	<u>(306)</u>	<u>1,424</u>	<u>67</u>	<u>39,472</u>
(395)	(148)	(769)	(1,650)	(22,069)
<u>752</u>	<u>394</u>	<u>1,347</u>	<u>3,618</u>	<u>38,037</u>
<u>\$ 357</u>	<u>\$ 246</u>	<u>\$ 578</u>	<u>\$ 1,968</u>	<u>\$ 15,968</u>
(131)	158	(2,528)	(18,257)	(67,294)
-	-	-	(15,788)	(15,786)
-	-	-	(142,020)	(142,020)
-	-	-	8	57
-	-	-	(10)	46
-	-	335	157,368	101,463
<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(8)</u>
<u>\$ (131)</u>	<u>\$ 158</u>	<u>\$ (2,193)</u>	<u>\$ (18,702)</u>	<u>\$ (123,542)</u>
<u>\$ 50</u>	<u>\$ 33</u>	<u>\$ 82</u>	<u>\$ 270</u>	<u>\$ 2,262</u>



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## FIDUCIARY FUNDS

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# State of Georgia

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## Fiduciary Funds

Fiduciary funds are used to account for assets held by the State of Georgia in a fiduciary capacity. The State has the following fiduciary funds.

### **PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**

Pension and Other Employee Benefit Trust Funds are used to account for activities and balances of the public employee retirement systems and other postemployment benefit plans. The State's pension and other employee benefit trust funds are described below:

#### *Pension Trust Funds*

##### **Defined Benefit Pension Plans**

The **District Attorneys Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the district attorneys of the State of Georgia.

The **Employees' Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for qualified employees of the State of Georgia and its political subdivisions.

The **Firefighters' Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the firefighters of the State of Georgia.

The **Georgia Judicial Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for trial judges and solicitors of certain courts in Georgia, and their survivors and beneficiaries, superior court judges of the State of Georgia, and district attorneys of the State of Georgia.

The **Georgia Military Pension Fund** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits to members of the Georgia National Guard.

The **Judges of the Probate Courts Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the judges of the Probate Courts of the State of Georgia.

The **Legislative Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for all members of the Georgia General Assembly.

The **Magistrates Retirement Fund** is used to account for the accumulation of resources for the purpose of providing retirement benefits for those serving as duly qualified and commissioned chief magistrates of counties in the State of Georgia.

The **Peace Officers' Annuity and Benefit Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the peace officers of the State of Georgia.

The **Public School Employees Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System.

# State of Georgia

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## Fiduciary Funds

The **Sheriffs' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the sheriffs of the State of Georgia.

The **Superior Court Clerks' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the Superior Court clerks of the State of Georgia.

The **Superior Court Judges Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the Superior Court judges of the State of Georgia.

The **Teachers Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits for teachers and administrative personnel employed in State public schools and the University System of Georgia (except those professors and principal administrators electing to participate in an optional retirement plan), and for certain other designated employees in educational-related work.

### **Deferred Compensation/Defined Contribution Pension Plans**

The **Deferred Compensation Plans** are used to account for the accumulation of resources for the purpose of providing retirement allowances for State employees and employees of Community Service Boards who elect to defer a portion of their annual salary until future years.

The **Defined Contribution Plan** is used to account for the accumulation of resources for the purpose of providing retirement allowances for State employees who are not members of a public retirement or pension system.

### ***Other Employee Benefit Trust Funds***

### **Other Postemployment Benefit Plans**

The **Board of Regents Retiree Health Benefit Fund** is used to account for the accumulation of resources necessary to meet employer costs of retiree health insurance benefits.

The **Georgia Retiree Health Benefit Fund** is used to account for the accumulation of resources for the purpose of providing health insurance benefits to eligible retirees and their qualified beneficiaries.

The **State Employees' Assurance Department – OPEB** is used to account for the accumulation of resources for the purpose of providing term life insurance to retired and vested inactive members of Employees', Judicial, Legislative, and Superior Court Judges Retirement Systems.

### **Other Employee Benefit Plan**

The **State Employees' Assurance Department** is used to account for the accumulation of resources for the purpose of providing survivors' benefits for eligible members of the Employees', Judicial, Legislative, and Superior Court Judges Retirement Systems.

# State of Georgia

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## Fiduciary Funds

### INVESTMENT TRUST FUNDS

Investment Trust Funds are used to account for the external portion of a government sponsored investment pool. The State's investment trust funds are described below:

The **Georgia Extended Asset Pool** is responsible for providing prudent management of public funds on behalf of the State of Georgia and local governments seeking income higher than money market rates.

**Georgia Fund 1** is a combination local and state government investment pool with primary objectives specific to safety of capital, investment income, liquidity and diversification while maintaining principal. This fund was established to enable local governments to voluntarily invest any idle local monies.

The **Regents Investment Pool** invests funds on behalf of units of the university system and their affiliated foundations.

### PRIVATE PURPOSE TRUST FUNDS

Private Purpose Trust Funds are used to report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The State's private purpose trust funds are described below:

The **Auctioneers Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a person licensed under OCGA 43-6 (duly licensed auctioneer, apprentice auctioneer, or auction company) who is in violation of state law. Also, the fund is used to help underwrite the cost of developing courses, conducting seminars, conducting research projects on matters affecting auctioneers, publishing and distributing educational materials, or other education and research programs for the benefit of licensees and the public.

The **Real Estate Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a duly licensed broker, associate broker or salesperson who is in violation of state law. Also, the fund is used to help underwrite the cost of developing courses, conducting seminars, conducting research projects on matters affecting real estate brokerage, publishing and distributing educational materials, or other education and research programs for the benefit of licensees and the public.

The **Subsequent Injury Trust Fund** is a special workers' compensation fund designed to encourage employers to hire workers with pre-existing impairments by insuring against the aggravating impact such impairment could have if the worker were subsequently injured on the job.

## Fiduciary Funds

### AGENCY FUNDS

Agency Funds are used to report assets and liabilities for deposits and investments entrusted to the State as an agent for others. The State's significant agency funds are described below:

The **Child Support Recovery Program** accounts for the collection of court ordered child support or child support amounts due as determined in conformity with the Social Security Act. Amounts collected are distributed and deposited in conformity with state law and the standards prescribed in the Social Security Act.

**County Medicaid Administrative Funds** are billed by the State on behalf of local governments, and represent eligible administrative costs paid at the county level. Amounts collected are distributed to county boards of health.

**Detainees' Accounts** are held for the detainees of statewide probation offices, correctional institutions, diversion centers, detention centers, transitional centers and boot camps for the purpose of paying court-ordered fines, fees and restitutions and for operating recreational activities for detainees.

The **Flexible Benefits Program** accounts for participant payroll deductions for benefits and spending accounts; disbursements are made to insurance companies for premiums and to participants for spending account reimbursements.

The **Railroad Car Tax** fund is used to collect railroad car taxes on behalf of county governments and to remit the taxes back to the counties.

The **Real Estate Transfer Tax** fund is used to collect real estate transfer taxes on behalf of county governments and to remit the taxes back to the counties.

**Sales Tax Collections for Local Governments** consist of the **Education Local Option Sales Tax**, **Homestead Option Sales Tax**, **Local Option Sales Tax**, **MARTA Sales Tax**, and **Special Purpose Local Option Sales Tax**. These funds are used to account for the collection and disbursement of local option sales taxes on behalf of county and municipal governments.

The **Telecommunications Relay Service Fund** was established to provide telecommunication services to hearing/speech impaired Georgians. All local exchange telephone companies in the State impose a monthly maintenance surcharge on residential and business local exchange access facilities, which are deposited into this fund solely for the provisions of the Dual Party Relay System.

The **Universal Service Fund** was established for the purpose of assisting low-income customers in times of emergency by providing energy conservation assistance to such customers; and to provide contributions in aid of construction to permit the electing distribution company to extend and expand its facilities from time to time as the commission deems to be in the public interest. Funding comes from rate refunds from interstate pipeline suppliers, funds deposited by marketers, and various other refunds, surcharges and earnings.

# State of Georgia

## Combining Statement of Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds June 30, 2009 (dollars in thousands)

	Defined Benefit Pension Plans (see combining)	Deferred Compensation Plan	Defined Contribution Plans	
			401 (K) Plan	457 Plan
<b>Assets</b>				
Cash and Cash Equivalents	\$ 18,622	\$ 75	\$ 22	\$ 461
Receivables				
Interest and Dividends	253,487	2	20	218
Due from Brokers for Securities Sold	222,020	-	-	-
Other	155,027	808	1,763	720
Due from Other Funds	-	-	-	-
Investments				
Investment Accounts	-	-	-	6,324
Pooled Investments	11,520,106	47	-	44,053
Mutual Funds	256,539	489,374	309,207	-
Repurchase Agreements	684,919	-	-	-
Municipal, U. S. and Foreign Government Obligations	11,582,600	-	-	32,777
Corporate Bonds/Notes/Debentures	6,763,117	-	-	-
Stocks	23,956,798	-	-	-
Asset-Backed Securities	16,966	-	-	-
Mortgage Investments	36,128	-	-	-
Real Estate Investment Trusts	559	-	-	-
Capital Assets				
Land	2,071	-	-	-
Buildings	7,695	-	-	-
Software	29,325	-	-	-
Machinery and Equipment	3,455	-	-	-
Accumulated Depreciation	(26,530)	-	-	-
Other Assets	114	-	-	-
<b>Total Assets</b>	<b>55,483,018</b>	<b>490,306</b>	<b>311,012</b>	<b>84,553</b>
<b>Liabilities</b>				
Accounts Payable and Other Accruals	342,901	1,059	1,256	585
Due to Other Funds	1,419	-	-	-
Due to Brokers for Securities Purchased	156,698	-	-	-
Salaries/Withholdings Payable	247	-	-	-
Benefits Payable	-	-	-	-
Notes Payable	7	-	-	-
Unearned Revenue	7	-	-	-
Compensated Absences Payable	73	-	-	-
<b>Total Liabilities</b>	<b>501,352</b>	<b>1,059</b>	<b>1,256</b>	<b>585</b>
<b>Net Assets</b>				
Held in Trust for:				
Pension Benefits	54,981,666	489,247	309,756	83,968
Other Postemployment Benefits	-	-	-	-
Other Employee Benefits	-	-	-	-
<b>Total Net Assets</b>	<b>\$ 54,981,666</b>	<b>\$ 489,247</b>	<b>\$ 309,756</b>	<b>\$ 83,968</b>



Other Employee Benefits				
Other Postemployment Benefits				
Board of Regents Retiree Health Benefit Fund	Georgia Retiree Health Benefit Fund	State Employees' Assurance Department - OPEB	State Employees' Assurance Department	Total
\$ 7,246	\$ 56,178	\$ 42	\$ 62	\$ 82,708
-	-	-	-	253,727
-	-	-	-	222,020
9,947	13,742	-	-	182,007
-	-	1,151	119	1,270
-	-	-	-	6,324
-	-	627,209	144,003	12,335,418
-	165,961	-	-	1,221,081
-	-	-	-	684,919
-	-	-	-	11,615,377
-	-	-	-	6,763,117
-	-	-	-	23,956,798
-	-	-	-	16,966
-	-	-	-	36,128
-	-	-	-	559
-	-	-	-	2,071
-	-	-	-	7,695
-	-	-	-	29,325
-	-	-	-	3,455
-	-	-	-	(26,530)
-	-	-	-	114
17,193	235,881	628,402	144,184	57,394,549
-	55,022	203	23	401,049
-	4,864	-	-	6,283
-	-	-	-	156,698
-	-	-	-	247
6,627	-	-	-	6,627
-	-	-	-	7
-	10,202	-	-	10,209
-	-	-	-	73
6,627	70,088	203	23	581,193
-	-	-	-	55,864,637
10,566	165,793	628,199	-	804,558
-	-	-	144,161	144,161
\$ 10,566	\$ 165,793	\$ 628,199	\$ 144,161	\$ 56,813,356

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds For the Fiscal Year Ended June 30, 2009 (dollars in thousands)

	Defined Benefit Pension Plans (see combining)	Deferred Compensation Plan	Defined Contribution Plans	
			401 (K) Plan	457 Plan
<b>Additions:</b>				
Contributions				
Employer	\$ 1,315,227	\$ -	\$ 6,939	\$ -
Plan Members	624,097	24,087	33,432	15,608
Other Contributions	-	-	-	-
Fines and Bond Forfeitures	20,380	-	-	-
Insurance Company Premium Taxes	-	-	-	-
Insurance Premiums	26,447	-	-	-
Other Fees	4,499	-	-	-
Interest and Other Investment Income				
Dividends and Interest	1,834,365	1,073	832	2,404
Net Appreciation (Depreciation) in Investments Reported at Fair Value	(10,500,658)	(69,784)	(49,937)	(7,639)
Less: Investment Expense	(30,120)	(1,355)	(1,225)	(59)
Other				
Transfers from Other Funds	3,215	-	-	-
Miscellaneous	421	626	750	-
Total Additions	(6,702,127)	(45,353)	(9,209)	10,314
<b>Deductions:</b>				
General and Administrative Expenses	42,684	1,769	1,028	310
Benefits	3,778,364	37,257	21,105	9
Refunds	57,291	-	-	10,377
Total Deductions	3,878,339	39,026	22,133	10,696
Change in Net Assets Held in Trust for Pension and Other Employee Benefits	(10,580,466)	(84,379)	(31,342)	(382)
Net Assets, July 1	65,562,132	914,724	-	84,350
Adjustments	-	(341,098)	341,098	-
<b>Net Assets, June 30</b>	<u>\$ 54,981,666</u>	<u>\$ 489,247</u>	<u>\$ 309,756</u>	<u>\$ 83,968</u>

Other Employee Benefits				
Other Postemployment Benefits				
Board of Regents Retiree Health Benefit Fund	Georgia Retiree Health Benefit Fund	State Employees' Assurance Department - OPEB	State Employees' Assurance Department	Total
\$ 68,116	\$ 474,138	\$ -	\$ -	\$ 1,864,420
26,213	126,776	-	-	850,213
-	-	-	-	-
-	-	-	-	20,380
-	-	-	-	-
-	-	7,551	880	34,878
-	-	-	-	4,499
253	4,880	20,433	4,801	1,869,041
-	(26,207)	(116,618)	(27,401)	(10,798,244)
-	-	(239)	(56)	(33,054)
-	-	-	-	3,215
-	-	-	-	1,797
94,582	579,587	(88,873)	(21,776)	(6,182,855)
3,000	35,109	203	22	84,125
81,306	554,947	19,839	6,636	4,499,463
-	-	-	-	67,668
84,306	590,056	20,042	6,658	4,651,256
10,276	(10,469)	(108,915)	(28,434)	(10,834,111)
290	176,262	737,114	172,595	67,647,467
-	-	-	-	-
\$ 10,566	\$ 165,793	\$ 628,199	\$ 144,161	\$ 56,813,356

# State of Georgia

## Combining Statement of Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds Defined Benefit Pension Plans June 30, 2009 (dollars in thousands)

	District Attorneys Retirement Fund	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System	Georgia Military Pension Fund	Judges of the Probate Courts Retirement Fund
<b>Assets</b>						
Cash and Cash Equivalents	\$ 3	\$ 6,065	\$ 480	\$ 296	\$ 60	\$ 78
Receivables						
Interest and Dividends	-	56,231	1,957	-	-	-
Due from Brokers for Securities Sold	-	45,433	12,734	-	-	1,532
Other	6	25,182	4	(133)	-	-
Investments						
Pooled Investments	-	10,574,118	-	248,306	5,170	-
Mutual Funds	-	-	101,492	-	-	3,067
Repurchase Agreements	-	-	-	-	-	-
Municipal, U. S. and Foreign						
Government Obligations	-	-	56,905	-	-	9,664
Corporate Bonds/Notes/Debentures	-	-	106,481	-	-	6,941
Stocks	-	-	122,381	-	-	27,600
Asset-Backed Securities	-	-	14,550	-	-	932
Mortgage Investments	-	-	35,728	-	-	400
Real Estate Investment Trusts	-	-	306	-	-	247
Capital Assets						
Land	-	944	85	-	-	-
Buildings	-	2,800	1,535	-	-	-
Software	-	14,345	-	-	-	-
Machinery and Equipment	-	1,377	115	-	-	-
Accumulated Depreciation	-	(9,675)	(207)	-	-	-
Other Assets	-	-	114	-	-	-
Total Assets	9	10,716,820	454,660	248,469	5,230	50,461
<b>Liabilities</b>						
Accounts Payable and Other Accruals	7	61,545	1,259	195	1	-
Due to Other Funds	-	1,265	2	13	-	-
Due to Brokers for Securities Purchased	-	27,888	24,573	-	-	2,260
Salaries/Withholdings Payable	-	26	-	-	-	-
Notes Payable	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-
Compensated Absences Payable	-	-	47	-	-	-
Total Liabilities	7	90,724	25,881	208	1	2,260
<b>Net Assets</b>						
<b>Held in Trust for Pension Benefits</b>	\$ 2	\$ 10,626,096	\$ 428,779	\$ 248,261	\$ 5,229	\$ 48,201

Legislative Retirement System	Magistrates Retirement Fund	Peace Officers' Annuity and Benefit Fund	Public School Employees Retirement System	Sheriffs' Retirement Fund	Superior Court Clerks' Retirement Fund	Superior Court Judges Retirement Fund	Teachers Retirement System	Total
\$ 64	\$ 54	\$ 3,325	\$ 267	\$ 476	\$ 2,853	\$ 75	\$ 4,526	\$ 18,622
-	15	79	-	271	344	-	194,590	253,487
-	35	322	-	-	2,805	-	159,159	222,020
-	119	-	-	-	378	-	129,471	155,027
23,601	-	58,379	598,901	3,095	7,323	1,213	-	11,520,106
-	2,583	138,946	-	10,451	-	-	-	256,539
-	-	-	-	-	-	-	684,919	684,919
-	848	106,486	-	10,514	42,633	-	11,355,550	11,582,600
-	684	47,208	-	12,805	-	-	6,588,998	6,763,117
-	-	35,670	-	22,988	15,005	-	23,733,154	23,956,798
-	-	1,484	-	-	-	-	-	16,966
-	-	-	-	-	-	-	-	36,128
-	-	6	-	-	-	-	-	559
-	-	98	-	-	-	-	944	2,071
-	-	560	-	-	-	-	2,800	7,695
-	-	-	-	-	-	-	14,980	29,325
-	-	147	-	-	-	-	1,816	3,455
-	-	(131)	-	-	-	-	(16,517)	(26,530)
-	-	-	-	-	-	-	-	114
23,665	4,338	392,579	599,168	60,600	71,341	1,288	42,854,390	55,483,018
18	85	-	1,850	(24)	46	37	277,882	342,901
3	-	-	-	-	-	-	136	1,419
-	-	1,119	-	-	3,292	-	97,566	156,698
-	-	-	-	-	-	-	221	247
-	-	7	-	-	-	-	-	7
-	-	-	-	-	7	-	-	7
-	-	-	-	26	-	-	-	73
21	85	1,126	1,850	2	3,345	37	375,805	501,352
\$ 23,644	\$ 4,253	\$ 391,453	\$ 597,318	\$ 60,598	\$ 67,996	\$ 1,251	\$ 42,478,585	\$ 54,981,666

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds Defined Benefit Pension Plans For the Fiscal Year Ended June 30, 2009 (dollars in thousands)

	District Attorneys Retirement Fund	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System	Georgia Military Pension Fund	Judges of the Probate Courts Retirement Fund
<b>Additions:</b>						
Contributions						
Employer	\$ 80	\$ 281,206	\$ -	\$ 1,703	\$ -	\$ 151
Plan Members	-	43,978	2,419	4,612	-	-
Other Contributions						
Fines and Bond Forfeitures	-	-	-	-	-	505
Insurance Company Premium Taxes	-	-	26,447	-	-	-
Other Fees	-	-	-	-	-	707
Interest and Other Investment Income						
Dividends and Interest	-	365,454	17,484	8,087	139	1,681
Net Appreciation (Depreciation) in						
Investments Reported at Fair Value	-	(2,085,601)	(186,880)	(46,157)	(794)	(12,012)
Less: Investment Expense	-	(6,155)	(2,503)	(94)	(2)	(339)
Other						
Transfers from Other Funds	-	-	-	-	1,323	-
Miscellaneous	6	-	(57)	175	-	10
Total Additions	86	(1,401,118)	(143,090)	(31,674)	666	(9,297)
<b>Deductions:</b>						
General and Administrative Expenses	6	16,809	1,216	175	-	52
Benefits	80	1,117,158	28,700	11,111	382	2,620
Refunds	-	6,597	399	263	-	-
Total Deductions	86	1,140,564	30,315	11,549	382	2,672
Change in Net Assets Held in Trust for Pension Benefits	-	(2,541,682)	(173,405)	(43,223)	284	(11,969)
Net Assets, July 1	2	13,167,778	602,184	291,484	4,945	60,170
<b>Net Assets, June 30</b>	<b>\$ 2</b>	<b>\$ 10,626,096</b>	<b>\$ 428,779</b>	<b>\$ 248,261</b>	<b>\$ 5,229</b>	<b>\$ 48,201</b>

Legislative Retirement System	Magistrates Retirement Fund	Peace Officers' Annuity and Benefit Fund	Public School Employees Retirement System	Sheriffs' Retirement Fund	Superior Court Clerks' Retirement Fund	Superior Court Judges Retirement Fund	Teachers Retirement System	Total
\$ 71 320	\$ - 123	\$ - 3,283	\$ 5,096 1,472	\$ - 123	\$ - 132	\$ 1,938 -	\$ 1,024,982 567,635	\$ 1,315,227 624,097
-	-	16,145	-	2,799	931	-	-	20,380
-	-	-	-	-	-	-	-	26,447
-	1,573	-	-	-	2,219	-	-	4,499
799	100	12,728	20,588	2,171	3,415	-	1,401,719	1,834,365
(4,562)	(335)	(72,660)	(117,504)	(9,556)	(9,089)	(225)	(7,955,283)	(10,500,658)
(9)	(17)	(1,498)	(241)	(232)	(198)	39	(18,871)	(30,120)
-	-	-	587	-	-	-	1,305	3,215
110	-	147	2	4	-	24	-	421
(3,271)	1,444	(41,855)	(90,000)	(4,691)	(2,590)	1,776	(4,978,513)	(6,702,127)
110	43	661	588	245	152	24	22,603	42,684
1,690	-	19,934	52,197	4,101	3,966	1,938	2,534,487	3,778,364
49	-	270	261	8	30	-	49,414	57,291
1,849	43	20,865	53,046	4,354	4,148	1,962	2,606,504	3,878,339
(5,120)	1,401	(62,720)	(143,046)	(9,045)	(6,738)	(186)	(7,585,017)	(10,580,466)
28,764	2,852	454,173	740,364	69,643	74,734	1,437	50,063,602	65,562,132
\$ 23,644	\$ 4,253	\$ 391,453	\$ 597,318	\$ 60,598	\$ 67,996	\$ 1,251	\$ 42,478,585	\$ 54,981,666

# State of Georgia

## Combining Statement of Fiduciary Net Assets

### Investment Trust Funds

June 30, 2009

(dollars in thousands)

	Georgia Extended Asset Pool	Georgia Fund 1	Regents Investment Pool	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 17,800	\$ 3,376,490	\$ -	\$ 3,394,290
Investments, at Fair Value				
Pooled Investments	111,499	3,048,990	11,275	3,171,764
Interest Receivable	-	-	(4)	(4)
Total Assets	129,299	6,425,480	11,271	6,566,050
<b>Net Assets</b>				
Held in Trust for Pool Participants	\$ 129,299	\$ 6,425,480	\$ 11,271	\$ 6,566,050



# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets

### Investment Trust Funds

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

	Georgia Extended Asset Pool	Georgia Fund 1	Regents Investment Pool	Total
<b>Additions:</b>				
Pool Participant Deposits	\$ 144,600	\$ 10,229,828	\$ 11,535	\$ 10,385,963
Interest and Other Investment Income				
Dividends and Interest	3,342	89,815	1,125	94,282
Net Appreciation (Depreciation) in Investments				
Reported at Fair Value	(4,030)	-	(48)	(4,078)
Less: Investment Expense	(47)	(1,773)	(39)	(1,859)
Total Additions	143,865	10,317,870	12,573	10,474,308
<b>Deductions:</b>				
Pool Participant Withdrawals	103,771	10,815,371	30,676	10,949,818
Change in Net Assets Held in Trust for Pool Participants	40,094	(497,501)	(18,103)	(475,510)
Net Assets, July 1	89,205	6,922,981	29,374	7,041,560
<b>Net Assets, June 30</b>	<u>\$ 129,299</u>	<u>\$ 6,425,480</u>	<u>\$ 11,271</u>	<u>\$ 6,566,050</u>

# State of Georgia

## Combining Statement of Fiduciary Net Assets

### Private Purpose Trust Funds

June 30, 2009

(dollars in thousands)

	Auctioneers Recovery Fund	Real Estate Education, Research and Recovery Fund	Subsequent Injury Trust Fund	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 272	\$ 1,482	\$ 8,764	\$ 10,518
Investments, at Fair Value				
Pooled Investments	244	1,038	7,261	8,543
Capital Assets				
Machinery and Equipment	-	-	103	103
Accumulated Depreciation	-	-	(64)	(64)
Total Assets	516	2,520	16,064	19,100
<b>Liabilities</b>				
Accounts Payable and Other Accruals	-	11	16	27
Compensated Absences Payable	-	-	241	241
Total Liabilities	-	11	257	268
<b>Net Assets</b>				
Held in Trust for Other Purposes	\$ 516	\$ 2,509	\$ 15,807	\$ 18,832

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets

### Private Purpose Trust Funds

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

	Auctioneers Recovery Fund	Real Estate Education, Research and Recovery Fund	Subsequent Injury Trust Fund	Total
<b>Additions:</b>				
Contributions/Assessments				
Participants	\$ 28	\$ 105	\$ 146,830	\$ 146,963
Interest and Other Investment Income				
Dividends and Interest	2	33	1,428	1,463
Total Additions	30	138	148,258	148,426
<b>Deductions:</b>				
General and Administrative Expenses	-	222	2,930	3,152
Benefits	-	-	152,881	152,881
Total Deductions	-	222	155,811	156,033
Change in Net Assets Held in Trust for Other Purposes	30	(84)	(7,553)	(7,607)
Net Assets, July 1	486	2,593	23,360	26,439
<b>Net Assets, June 30</b>	<u>\$ 516</u>	<u>\$ 2,509</u>	<u>\$ 15,807</u>	<u>\$ 18,832</u>

# State of Georgia

## Combining Statement of Fiduciary Assets and Liabilities

### Agency Funds

June 30, 2009

(dollars in thousands)

	Child Support Recovery Program	County Medicaid Administrative Funds	Detainees' Accounts	Flexible Benefits Program	Railroad Car Tax	Real Estate Transfer Tax
<b>Assets</b>						
Cash and Cash Equivalents	\$ 2,668	\$ 2,070	\$ 22,726	\$ 7,229	\$ 357	\$ 1,810
Accounts Receivable	-	-	-	-	-	-
Investments, at Fair Value						
Certificates of Deposit	-	-	-	-	-	-
Pooled Investments	-	-	-	3,697	485	-
Mutual Funds	-	-	-	-	-	-
Municipal, U. S. and Foreign						
Government Obligations	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Total Assets	<u>\$ 2,668</u>	<u>\$ 2,070</u>	<u>\$ 22,726</u>	<u>\$ 10,926</u>	<u>\$ 842</u>	<u>\$ 1,810</u>
<b>Liabilities</b>						
Accounts Payable and Other Accruals	\$ -	\$ 72	\$ -	\$ 84	\$ -	\$ -
Funds Held for Others	2,668	1,998	22,726	10,842	842	1,810
Other Liabilities	-	-	-	-	-	-
Total Liabilities	<u>\$ 2,668</u>	<u>\$ 2,070</u>	<u>\$ 22,726</u>	<u>\$ 10,926</u>	<u>\$ 842</u>	<u>\$ 1,810</u>

Sales Tax Collections for Local Governments					Telecom- munications	Universal Service Fund	Miscellaneous	Total
Education Local Option	Homestead Option	Local Option	MARTA	Special Purpose Local Option	Relay Service Fund			
\$ 3,386	\$ 314	\$ 2,723	\$ 917	\$ 2,120	\$ 10,595	\$ 1,500	\$ 31,896	\$ 90,311
-	-	-	-	-	-	-	377	377
-	-	-	-	-	-	-	2,951	2,951
3,058	284	2,572	828	1,915	9,476	-	8,226	30,541
-	-	-	-	-	-	14,166	-	14,166
-	-	-	-	-	-	32,811	-	32,811
-	-	-	-	-	-	-	3,755	3,755
<u>\$ 6,444</u>	<u>\$ 598</u>	<u>\$ 5,295</u>	<u>\$ 1,745</u>	<u>\$ 4,035</u>	<u>\$ 20,071</u>	<u>\$ 48,477</u>	<u>\$ 47,205</u>	<u>\$ 174,912</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 328	\$ 484
6,444	598	5,295	1,745	4,035	20,071	48,477	45,598	173,149
-	-	-	-	-	-	-	1,279	1,279
<u>\$ 6,444</u>	<u>\$ 598</u>	<u>\$ 5,295</u>	<u>\$ 1,745</u>	<u>\$ 4,035</u>	<u>\$ 20,071</u>	<u>\$ 48,477</u>	<u>\$ 47,205</u>	<u>\$ 174,912</u>

# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b>Child Support Recovery Program</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,279	\$ 1,470,622	\$ 1,469,233	\$ 2,668
Other Assets	-	772,028	772,028	-
Total Assets	<u>\$ 1,279</u>	<u>\$ 2,242,650</u>	<u>\$ 2,241,261</u>	<u>\$ 2,668</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 1,279</u>	<u>\$ 2,203,934</u>	<u>\$ 2,202,545</u>	<u>\$ 2,668</u>
<b>County Medicaid Administrative Funds</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 12	\$ 12,346	\$ 10,288	\$ 2,070
Accounts Receivable	-	12,112	12,112	-
Total Assets	<u>\$ 12</u>	<u>\$ 24,458</u>	<u>\$ 22,400</u>	<u>\$ 2,070</u>
<b>Liabilities</b>				
Accounts Payable and Other Accruals	\$ 25	\$ 10,349	\$ 10,302	\$ 72
Funds Held for Others	(13)	12,152	10,141	1,998
Total Liabilities	<u>\$ 12</u>	<u>\$ 22,501</u>	<u>\$ 20,443</u>	<u>\$ 2,070</u>
<b>Detainees' Accounts</b>				
<b>Assets</b>				
Cash and Cash Equivalents	<u>\$ 10,624</u>	<u>\$ 22,726</u>	<u>\$ 10,624</u>	<u>\$ 22,726</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 10,624</u>	<u>\$ 22,726</u>	<u>\$ 10,624</u>	<u>\$ 22,726</u>
<b>Flexible Benefits Program</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 6,332	\$ 190,078	\$ 189,181	\$ 7,229
Investments	3,297	3,697	3,297	3,697
Total Assets	<u>\$ 9,629</u>	<u>\$ 193,775</u>	<u>\$ 192,478</u>	<u>\$ 10,926</u>
<b>Liabilities</b>				
Accounts Payable and Other Accruals	\$ 1,639	\$ 185,489	\$ 187,044	\$ 84
Funds Held for Others	7,990	188,358	185,506	10,842
Total Liabilities	<u>\$ 9,629</u>	<u>\$ 373,847</u>	<u>\$ 372,550</u>	<u>\$ 10,926</u>
<b>Railroad Car Tax</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 322	\$ 6,348	\$ 6,313	\$ 357
Investments	520	485	520	485
Total Assets	<u>\$ 842</u>	<u>\$ 6,833</u>	<u>\$ 6,833</u>	<u>\$ 842</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 842</u>	<u>\$ 6,833</u>	<u>\$ 6,833</u>	<u>\$ 842</u>
<b>Real Estate Transfer Tax</b>				
<b>Assets</b>				
Cash and Cash Equivalents	<u>\$ 1,034</u>	<u>\$ 776</u>	<u>\$ -</u>	<u>\$ 1,810</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 1,034</u>	<u>\$ 776</u>	<u>\$ -</u>	<u>\$ 1,810</u>

# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b>Sales Tax Collections for Local Governments</b>				
Education Local Option Sales Tax				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 51,477	\$ 1,535,221	\$ 1,583,312	\$ 3,386
Investments	53,421	3,058	53,421	3,058
Total Assets	<u>\$ 104,898</u>	<u>\$ 1,538,279</u>	<u>\$ 1,636,733</u>	<u>\$ 6,444</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 104,898</u>	<u>\$ 1,481,800</u>	<u>\$ 1,580,254</u>	<u>\$ 6,444</u>
Homestead Option Sales Tax				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 3,543	\$ 104,727	\$ 107,956	\$ 314
Investments	3,677	284	3,677	284
Total Assets	<u>\$ 7,220</u>	<u>\$ 105,011</u>	<u>\$ 111,633</u>	<u>\$ 598</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 7,220</u>	<u>\$ 101,051</u>	<u>\$ 107,673</u>	<u>\$ 598</u>
Local Option Sales Tax				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 42,832	\$ 1,311,162	\$ 1,351,271	\$ 2,723
Investments	44,579	2,572	44,579	2,572
Total Assets	<u>\$ 87,411</u>	<u>\$ 1,313,734</u>	<u>\$ 1,395,850</u>	<u>\$ 5,295</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 87,411</u>	<u>\$ 1,266,583</u>	<u>\$ 1,348,699</u>	<u>\$ 5,295</u>
MARTA Sales Tax				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 10,340	\$ 321,942	\$ 331,365	\$ 917
Investments	10,730	828	10,730	828
Total Assets	<u>\$ 21,070</u>	<u>\$ 322,770</u>	<u>\$ 342,095</u>	<u>\$ 1,745</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 21,070</u>	<u>\$ 311,212</u>	<u>\$ 330,537</u>	<u>\$ 1,745</u>
Special Purpose Local Option Sales Tax				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 41,109	\$ 1,205,548	\$ 1,244,537	\$ 2,120
Investments	42,661	1,915	42,661	1,915
Total Assets	<u>\$ 83,770</u>	<u>\$ 1,207,463</u>	<u>\$ 1,287,198</u>	<u>\$ 4,035</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 83,770</u>	<u>\$ 1,162,887</u>	<u>\$ 1,242,622</u>	<u>\$ 4,035</u>

(continued)

# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds (continued)

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b>Telecommunications Relay Service Fund</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 10,134	\$ 13,025	\$ 12,564	\$ 10,595
Investments	10,411	9,476	10,411	9,476
Total Assets	<u>\$ 20,545</u>	<u>\$ 22,501</u>	<u>\$ 22,975</u>	<u>\$ 20,071</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 20,545</u>	<u>\$ 2,614</u>	<u>\$ 3,088</u>	<u>\$ 20,071</u>
<b>Universal Service Fund</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ -	\$ 58,431	\$ 56,931	\$ 1,500
Investments	38,127	46,978	38,128	46,977
Total Assets	<u>\$ 38,127</u>	<u>\$ 105,409</u>	<u>\$ 95,059</u>	<u>\$ 48,477</u>
<b>Liabilities</b>				
Funds Held for Others	<u>\$ 38,127</u>	<u>\$ 20,304</u>	<u>\$ 9,954</u>	<u>\$ 48,477</u>
<b>Miscellaneous</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 14,966	\$ 745,776	\$ 728,846	\$ 31,896
Accounts Receivable	441	949	1,013	377
Investments	10,504	8,654	7,981	11,177
Other Assets	3,191	608	44	3,755
Total Assets	<u>\$ 29,102</u>	<u>\$ 755,987</u>	<u>\$ 737,884</u>	<u>\$ 47,205</u>
<b>Liabilities</b>				
Accounts Payable and Other Accruals	\$ 379	\$ 25,962	\$ 26,013	\$ 328
Funds Held for Others	27,623	715,896	697,921	45,598
Other Liabilities	1,100	3,246	3,067	1,279
Total Liabilities	<u>\$ 29,102</u>	<u>\$ 745,104</u>	<u>\$ 727,001</u>	<u>\$ 47,205</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 194,004	\$ 6,998,728	\$ 7,102,421	\$ 90,311
Accounts Receivable	441	13,061	13,125	377
Investments	217,927	77,947	215,405	80,469
Other Assets	3,191	772,636	772,072	3,755
Total Assets	<u>\$ 415,563</u>	<u>\$ 7,862,372</u>	<u>\$ 8,103,023</u>	<u>\$ 174,912</u>
<b>Liabilities</b>				
Accounts Payable and Other Accruals	\$ 2,043	\$ 221,800	\$ 223,359	\$ 484
Funds Held for Others	412,420	7,497,126	7,736,397	173,149
Other Liabilities	1,100	3,246	3,067	1,279
Total Liabilities	<u>\$ 415,563</u>	<u>\$ 7,722,172</u>	<u>\$ 7,962,823</u>	<u>\$ 174,912</u>



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## NONMAJOR COMPONENT UNITS

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# State of Georgia

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## Nonmajor Component Units

Component units are legally separate organizations for which the primary government is considered to be financially accountable. Nonmajor component units are described below:

### Economic Development Organizations

The Economic Development organizations cultivate business for the State. These organizations are described below:

The **Geo. L. Smith II Georgia World Congress Center Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority is responsible for acquiring, constructing, equipping, maintaining and operating the World Congress Center to promote trade shows, conventions and political, musical, educational, entertainment, recreational, athletic or other events. The Governor appoints the fifteen members of the Board.

The **Georgia Development Authority** is a body corporate and politic. The Authority was created to assist agricultural and industrial interests by providing credit and servicing functions to better enable farmers and businessmen to obtain needed capital funds. The Board consists of three State officials designated by statute and four members appointed by the Governor.

The **Georgia International and Maritime Trade Center Authority** is a body corporate and politic. The Authority was created to develop and promote the growth of the State's import and export markets through its ports and other transportation modes. State officials appoint eight of the twelve members of the Board.

The **Georgia Medical Center Authority** is a body corporate and politic. The general nature of the business of the Authority is the provision of life sciences industry research and development and manufacturing facilities and programs based in the State of Georgia, the commercialization of biomedical and biotechnical research results, the promotion of closer ties between academic institutions of the state and the biomedical industry, the facilitation of the development of a life sciences industrial cluster in the State of Georgia, and the advancement of local and state economic growth. The seven Authority members are appointed by State officials.

The **Georgia Ports Authority** is a body corporate and politic. The purpose of the Authority is to develop and improve the harbors or seaports of the State for the handling of waterborne commerce and to acquire, construct, equip, maintain, develop and improve said harbors, seaports and their facilities. The Board consists of twelve members, all of which are appointed by the Governor.

The **Georgia Seed Development Commission** is a body corporate and politic and an instrumentality and public corporation of the State whose purpose is to purchase, process, and resell breeders' and foundation seeds. The Commission consists of ten members who are accountable as trustees. Of the ten members serving on the Board, six members are State officials or are appointed by State officials.

The **OneGeorgia Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the Authority is to promote the health, welfare, safety and economic society of the rural citizens of the State through the development and retention of employment opportunities in rural areas and the enhancement of the infrastructures that accomplish that goal. The six members of the Authority are State officials designated by statute.

# State of Georgia

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## Nonmajor Component Units

The **Georgia Higher Education Assistance Corporation** is a public authority, body corporate and politic. The Corporation was created to improve the higher educational opportunities of eligible students by guaranteeing educational loan credit to students and to parents of students. The Corporation is governed by the Board of Commissioners of the Georgia Student Finance Commission. The Board consists of four State officials designated by statute and eleven members appointed by the Governor.

The **Georgia Highway Authority** is a body corporate and politic. This Authority was created to build, rebuild, relocate, construct, reconstruct, surface, resurface, layout, grade, repair, improve, widen, straighten, operate, own, maintain, lease and manage roads, bridges and approaches. The three members of the Authority are State officials designated by statute. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

The **Georgia Public Telecommunications Commission** is a body corporate and politic. This Commission is a public charitable organization created for the purpose of providing educational, instructional and public broadcasting services to citizens of Georgia. The budget of the Commission must be approved by the State. The Board consists of nine members appointed by the Governor. Financial information presented for the Commission includes its component unit, Foundation for Public Broadcasting in Georgia, Inc.

The **Georgia Rail Passenger Authority** is a body corporate and politic. This Authority is responsible for construction, financing, operation and development of rail passenger service and other public transportation projects. The Board includes one member from each congressional district appointed by the Governor, as well as two appointed members from the State at large.

The **Georgia Regional Transportation Authority** is a body corporate and politic. The purpose of the Authority is to manage land transportation and air quality within certain areas of the State. The Governor appoints the fifteen members of the Authority.

The **Georgia Student Finance Authority** is a body corporate and politic. This Authority was created for the purpose of improving higher educational opportunities by providing educational scholarship, grant and loan assistance. A substantial amount of funding is provided to the Authority by the State. State officials comprise four of the fifteen members of the Board, and the Governor appoints the remaining eleven.

The **Higher Education Foundations** are nonprofit organizations established to secure and manage support for various projects including acquisitions and improvements of properties and facilities for units of the University System of Georgia.

The **Regional Educational Service Agencies** are agencies established to provide shared services to improve the effectiveness of educational programs and services of local school systems and to provide direct instructional programs to selected public school students. The State has sixteen of these agencies.

The **Superior Court Clerks' Cooperative Authority** is a body corporate and politic and an instrumentality and public corporation of the State created to provide a cooperative for the development, acquisition and distribution of record management systems, information, services, supplies and materials for superior court clerks of the State. Of the seven members of the Board, the Governor appoints three. The nature of this organization is such that it would be misleading to exclude it from the reporting entity.

# State of Georgia

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## Nonmajor Component Units

### Tourism / State Attractions

These organizations promote State interests or encourage visitation to the State through the operation and maintenance of various attractions. Organizations involved in such activities are described below:

The **Georgia Agricultural Exposition Authority** is a body corporate and politic. This Authority is responsible for provision of a facility for the agricultural community, for public events, exhibits and other activities and for promotion and staging of a statewide fair. The Governor appoints the nine Board members.

The **Georgia Agrirama Development Authority** is a body corporate and politic. The purpose of this Authority is to utilize all funds for the purpose of beautifying, improving, developing, maintaining, administering, managing and promoting an agricultural museum in or around Tifton, Georgia; this museum is designated as the State Museum of Agriculture. Of the fifteen members of the Board, four are State officials designated by statute and the Governor appoints eight members.

The **Georgia Golf Hall of Fame Authority** is a body corporate and politic. The Authority was created to construct, operate and manage a facility and related attractions to house the Georgia Golf Hall of Fame. The authority is governed by the fifteen members appointed by State officials to the Golf Hall of Fame Board.

The **Georgia Music Hall of Fame Authority** is a body corporate and politic whose purpose is to construct, operate and maintain the Music Hall of Fame, as well as to promote music events at the facility and throughout the State. The Governor appoints the sixteen members of the Board.

The **Georgia Sports Hall of Fame Authority** is a body corporate and politic. This Authority was created to construct and maintain a facility to house the Georgia Sports Hall of Fame to honor those who have made outstanding and lasting contributions to sports and athletics, and to operate, advertise and promote the Sports Hall of Fame. State officials appoint the eighteen members of the Board. The Georgia State Financing and Investment Commission must approve the issuance of Authority bonds.

The **Jekyll Island State Park Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority was created to operate and manage resort recreational facilities on Jekyll Island. The Board consists of one State official designated by statute and eight members appointed by the Governor. Financial information presented for the Authority includes its component unit, Jekyll Island Foundation, Inc.

The **Lake Lanier Islands Development Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the Authority is to manage, preserve and protect projects on Lake Lanier Islands. The Board consists of one State official designated by statute and eight members appointed by the Governor.

The **North Georgia Mountains Authority** is a body corporate and politic and an instrumentality and public corporation of the State responsible for the construction and management of recreation, accommodation and tourist facilities and services. The Governor appoints the nine members of the Board.

# State of Georgia

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## Nonmajor Component Units

The **Oconee River Greenway Authority** is a body corporate and politic and an instrumentality and public corporation of the State responsible for community land conservation, protection and restoration along the Oconee River corridor. Such projects add both to the quality of life and to economic development in Central Georgia. The Georgia State Financing and Investment Commission must approve the issuance of Authority bonds.

The **Sapelo Island Heritage Authority** is a body corporate and politic. The purpose of the authority is the preservation of the cultural and historic values of Hog Hammock Community located on Greater Sapelo Island. The Board consists of four State officials designated by statute and one member appointed by the Governor. The State has assumed the obligation to provide financial support for real property acquisition.

The **Southwest Georgia Railroad Excursion Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority was created for the purposes of construction, financing, operation and development of rail passenger excursion projects utilizing any State-owned railway in southwest Georgia. The thirteen member Board is appointed by officials of counties and municipalities within the service area. The Georgia State Financing and Investment Commission must approve the issuance of bonds.

The **Stone Mountain Memorial Association** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority is responsible for the preservation and protection of Stone Mountain as a Confederate memorial and public recreational area. The Board consists of one State official designated by statute and eight members appointed by the Governor.

# State of Georgia

## Combining Statement of Net Assets

### Nonmajor Component Units

June 30, 2009

(dollars in thousands)

	Economic Development Organizations (see combining)	Georgia Higher Education Assistance Corporation	Georgia Highway Authority	Georgia Public Telecommunications Commission	Georgia Rail Passenger Authority
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 246,467	\$ 15,058	\$ 464	\$ 5,312	\$ 147
Investments	115,527	-	-	2,954	-
Receivables					
Accounts (Net)	41,824	153	-	4,164	-
Taxes	412	-	-	-	-
Interest and Dividends	1,587	-	-	-	-
Notes and Loans	103,540	-	-	-	-
Due from Primary Government	-	-	-	-	-
Due from Component Units	-	-	-	-	-
Intergovernmental Receivables	329	927	-	-	-
Inventories	6,275	-	-	6	-
Prepaid Items	2,949	-	-	-	-
Other Current Assets	-	-	-	-	-
<b>Noncurrent Assets:</b>					
Investments	5,588	-	-	-	-
Receivables (Net)					
Notes and Loans	3,524	-	-	-	-
Other	-	-	-	-	-
Due from Component Units	-	-	-	-	-
Restricted Assets					
Cash and Cash Equivalents	8,492	-	-	-	-
Investments	31,541	-	-	-	-
Receivables					
Other	106	-	-	-	-
<b>Capital Assets:</b>					
Land	261,759	-	-	1,279	-
Buildings and Building Improvements	342,447	-	-	26,127	-
Improvements Other Than Buildings	282,343	-	-	-	-
Machinery and Equipment	344,505	-	-	23,376	-
Works of Art and Collections	-	-	-	-	-
Infrastructure	199,582	-	-	-	-
Construction in Progress	68,880	-	-	-	-
Accumulated Depreciation	(530,677)	-	-	(29,548)	-
Other Noncurrent Assets	6,136	-	-	-	-
<b>Total Assets</b>	<b>1,543,136</b>	<b>16,138</b>	<b>464</b>	<b>33,670</b>	<b>147</b>

Georgia Regional Transportation Authority	Georgia Student Finance Authority	Higher Education Foundations	Regional Educational Service Agencies	Superior Court Clerks' Cooperative Authority	Tourism / State Attractions (see combining)	Total
\$ 9,677	\$ 3,600	\$ 393,421	\$ 22,289	\$ 4,447	\$ 23,198	\$ 724,080
7,365	-	93,062	1,401	3,728	16,348	240,385
5,414	-	191,566	2,778	515	1,829	248,243
-	-	-	-	-	-	412
-	3,156	-	1	-	-	4,744
-	171,679	191	-	-	-	275,410
-	122	1,853	-	-	-	1,975
-	644	349	-	-	-	993
6,412	-	-	8,274	-	-	15,942
140	-	9,181	3,165	-	540	19,307
-	-	17,000	168	-	50	20,167
-	433	58,569	42	159	52	59,255
-	-	965,576	-	-	-	971,164
-	-	174	-	-	-	3,698
-	-	990,523	-	-	-	990,523
-	-	68,694	-	-	-	68,694
-	-	244,845	-	8,863	-	262,200
-	-	-	-	-	-	31,541
-	-	-	-	-	-	106
-	374	85,592	229	-	21,688	370,921
-	5,581	651,823	3,050	104	189,253	1,218,385
-	-	55,472	400	-	43,654	381,869
53,434	3,970	209,059	2,539	7,141	45,125	689,149
-	-	241	-	-	843	1,084
-	-	-	50	-	15,189	214,821
-	-	211,173	-	-	28,762	308,815
(16,679)	(7,518)	(290,779)	(2,878)	(6,142)	(141,118)	(1,025,339)
-	-	53,561	-	-	-	59,697
65,763	182,041	4,011,146	41,508	18,815	245,413	6,158,241

(continued)

# State of Georgia

## Combining Statement of Net Assets Nonmajor Component Units (continued) June 30, 2009 (dollars in thousands)

	Economic Development Organizations (see combining)	Georgia Higher Education Assistance Corporation	Georgia Highway Authority	Georgia Public Telecommunications Commission	Georgia Rail Passenger Authority
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Other Accruals	24,956	308	-	212	-
Due to Primary Government	90	-	-	101	-
Due to Component Units	-	644	-	-	-
Salaries/Withholdings Payable	173	-	-	-	-
Contracts Payable	24	-	-	-	-
Funds Held for Others	-	-	-	-	-
Unearned Revenue	35,679	-	-	279	-
Deposits	-	-	-	-	-
Compensated Absences Payable - Current	2,405	-	-	577	-
Capital Leases/Installment Purchases Payable - Current	-	-	-	-	-
Notes and Loans Payable - Current	5,786	-	-	-	-
Revenue Bonds Payable - Current	19,200	-	-	-	-
Other Current Liabilities	351	273	-	-	-
Current Liabilities Payable from Restricted Assets:					
Accrued Interest Payable	3,922	-	-	-	-
Revenue Bonds Payable - Current	8,150	-	-	-	-
Other	-	-	-	-	-
<b>Noncurrent Liabilities:</b>					
Unearned Revenue	-	-	-	-	-
Compensated Absences Payable	1,729	-	-	451	-
Capital Leases/Installment Purchases Payable	-	-	-	-	-
Notes and Loans Payable	54,301	-	-	-	-
Revenue/Mortgage Bonds Payable	191,816	-	-	-	-
Other Noncurrent Liabilities	35,636	-	-	-	-
<b>Total Liabilities</b>	<b>384,218</b>	<b>1,225</b>	<b>-</b>	<b>1,620</b>	<b>-</b>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	704,785	-	-	21,234	-
Restricted for:					
Bond Covenants/Debt Service	204,735	-	-	-	-
Higher Education					
Expendable	-	-	-	-	-
Nonexpendable	-	-	-	-	-
Other Purposes	65	-	-	36	-
Unrestricted	249,333	14,913	464	10,780	147
<b>Total Net Assets</b>	<b>\$ 1,158,918</b>	<b>\$ 14,913</b>	<b>\$ 464</b>	<b>\$ 32,050</b>	<b>\$ 147</b>



Georgia Regional Transportation Authority	Georgia Student Finance Authority	Higher Education Foundations	Regional Educational Service Agencies	Superior Court Clerks' Cooperative Authority	Tourism / State Attractions (see combining)	Total
5,793	6,487	118,054	1,737	3,657	4,392	165,596
41	-	111,419	34	3	17	111,705
-	-	-	-	-	-	644
10	-	7,800	5,292	-	307	13,582
-	-	10,701	-	-	-	10,725
-	-	1,166	-	-	-	1,166
6,171	160	73,298	202	-	811	116,600
-	-	27,518	-	-	-	27,518
-	900	12,294	64	-	262	16,502
-	25	2,899	85	-	15	3,024
-	95,800	5,883	-	-	1,927	109,396
-	-	29,220	350	-	306	49,076
1	-	25,845	-	-	184	26,654
-	-	-	-	-	-	3,922
-	-	-	-	-	-	8,150
-	-	-	-	8,863	-	8,863
-	-	16,335	-	-	-	16,335
369	-	36	180	-	613	3,378
-	44	10,030	93	-	31	10,198
-	-	195,593	-	-	16,310	266,204
-	-	1,923,301	4,405	-	9,421	2,128,943
-	16,972	37,633	-	-	-	90,241
<u>12,385</u>	<u>120,388</u>	<u>2,609,025</u>	<u>12,442</u>	<u>12,523</u>	<u>34,596</u>	<u>3,188,422</u>
36,755	2,334	170,139	3,240	1,104	193,128	1,132,719
-	-	-	-	-	-	204,735
-	-	324,801	-	-	-	324,801
-	-	499,132	-	-	-	499,132
-	-	-	-	-	-	101
<u>16,623</u>	<u>59,319</u>	<u>408,049</u>	<u>25,826</u>	<u>5,188</u>	<u>17,689</u>	<u>808,331</u>
<u>\$ 53,378</u>	<u>\$ 61,653</u>	<u>\$ 1,402,121</u>	<u>\$ 29,066</u>	<u>\$ 6,292</u>	<u>\$ 210,817</u>	<u>\$ 2,969,819</u>

# State of Georgia

## Combining Statement of Activities Nonmajor Component Units For the Fiscal Year Ended June 30, 2009 (dollars in thousands)

	Economic Development Organizations (see combining)	Georgia Higher Education Assistance Corporation	Georgia Highway Authority	Georgia Public Telecommunications Commission	Georgia Rail Passenger Authority
<b>Expenses</b>	\$ 340,284	\$ 9,046	\$ 5,004	\$ 29,522	\$ 1
<b>Program Revenues:</b>					
Sales and Charges for Services	312,461	8,418	-	3,581	-
Operating Grants and Contributions	9	-	-	7,724	-
Capital Grants and Contributions	9,603	-	-	-	-
Total Program Revenues	322,073	8,418	-	11,305	-
Net (Expenses) Revenue	(18,211)	(628)	(5,004)	(18,217)	(1)
<b>General Revenues:</b>					
Taxes	25,647	-	-	-	-
Unrestricted Investment Income	6,565	113	34	(50)	3
Payments from the State of Georgia	1,603	-	-	15,863	-
Contributions to Permanent Endowments	-	-	-	-	-
Other	8,781	-	-	-	-
Total General Revenues	42,596	113	34	15,813	3
Change in Net Assets	24,385	(515)	(4,970)	(2,404)	2
Net Assets, July 1 (Restated - Note 3)	1,134,533	15,428	5,434	34,454	145
<b>Net Assets, June 30</b>	<u>\$ 1,158,918</u>	<u>\$ 14,913</u>	<u>\$ 464</u>	<u>\$ 32,050</u>	<u>\$ 147</u>

Georgia Regional Transportation Authority	Georgia Student Finance Authority	Higher Education Foundations	Regional Educational Service Agencies	Superior Court Clerks' Cooperative Authority	Tourism / State Attractions (see combining)	Total
\$ 35,326	\$ 22,577	\$ 1,421,774	\$ 103,298	\$ 17,236	\$ 51,843	\$ 2,035,911
5,779	22,891	743,154	19,814	13,385	49,602	1,179,085
21,872	279	641,155	68,474	-	1,036	740,549
14,867	-	-	-	-	1,277	25,747
42,518	23,170	1,384,309	88,288	13,385	51,915	1,945,381
7,192	593	(37,465)	(15,010)	(3,851)	72	(90,530)
-	-	-	-	-	1,186	26,833
328	53	(209,975)	307	97	1,234	(201,291)
3,992	-	33,229	-	-	3,871	58,558
-	-	11,352	-	-	-	11,352
882	-	-	10,650	2	675	20,990
5,202	53	(165,394)	10,957	99	6,966	(83,558)
12,394	646	(202,859)	(4,053)	(3,752)	7,038	(174,088)
40,984	61,007	1,604,980	33,119	10,044	203,779	3,143,907
\$ 53,378	\$ 61,653	\$ 1,402,121	\$ 29,066	\$ 6,292	\$ 210,817	\$ 2,969,819

# State of Georgia

## Combining Statement of Net Assets Nonmajor Component Units Economic Development Organizations June 30, 2009 (dollars in thousands)

	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Development Authority	Georgia International and Maritime Trade Center Authority
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 47,109	\$ 752	\$ 3,506
Investments	280	4	-
Receivables			
Accounts (Net)	14,750	-	153
Taxes	-	-	412
Interest and Dividends	-	1,587	-
Notes and Loans	-	87,300	-
Intergovernmental Receivables	-	-	329
Inventories	200	-	-
Prepaid Items	94	-	-
<b>Noncurrent Assets:</b>			
Investments	-	-	-
Receivables (Net)			
Notes and Loans	-	-	-
<b>Restricted Assets</b>			
Cash and Cash Equivalents	6,742	-	-
Investments	31,541	-	-
Receivables			
Other	106	-	-
<b>Capital Assets:</b>			
Land	37,283	50	-
Buildings and Building Improvements	209,403	471	-
Improvements Other Than Buildings	35,798	-	1,390
Machinery and Equipment	29,344	56	4,144
Infrastructure	-	-	-
Construction in Progress	-	-	817
Accumulated Depreciation	(150,259)	(62)	(3,878)
Other Noncurrent Assets	-	-	-
<b>Total Assets</b>	<b>262,391</b>	<b>90,158</b>	<b>6,873</b>

Georgia Medical Center Authority	Georgia Ports Authority	Georgia Seed Development Commission	OneGeorgia Authority	Total
\$ 26	\$ 111,024	\$ 2,463	\$ 81,587	\$ 246,467
-	41,666	1,026	72,551	115,527
4	25,425	1,492	-	41,824
-	-	-	-	412
-	-	-	-	1,587
-	355	-	15,885	103,540
-	-	-	-	329
-	5,801	274	-	6,275
18	837	-	2,000	2,949
-	5,588	-	-	5,588
-	3,524	-	-	3,524
-	1,750	-	-	8,492
-	-	-	-	31,541
-	-	-	-	106
-	224,280	146	-	261,759
-	132,573	-	-	342,447
-	245,155	-	-	282,343
862	310,076	-	23	344,505
-	199,582	-	-	199,582
-	68,063	-	-	68,880
(630)	(375,831)	-	(17)	(530,677)
-	6,136	-	-	6,136
280	1,006,004	5,401	172,029	1,543,136
				(continued)

# State of Georgia

## Combining Statement of Net Assets Nonmajor Component Units Economic Development Organizations June 30, 2009 (dollars in thousands)

	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Development Authority	Georgia International and Maritime Trade Center Authority
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts Payable and Other Accruals	7,277	650	180
Due to Primary Government	10	5	-
Salaries/Withholdings Payable	173	-	-
Contracts Payable	-	-	24
Unearned Revenue	34,712	-	144
Compensated Absences Payable - Current	282	73	-
Notes and Loans Payable - Current	-	5,754	32
Revenue Bonds Payable - Current	-	-	-
Other Current Liabilities	351	-	-
<b>Current Liabilities Payable from Restricted Assets:</b>			
Accrued Interest Payable	3,922	-	-
Revenue Bonds Payable - Current	8,150	-	-
<b>Noncurrent Liabilities:</b>			
Compensated Absences Payable	1,729	-	-
Notes and Loans Payable	-	8,644	-
Revenue/Mortgage Bonds Payable	130,470	-	-
Other Noncurrent Liabilities	7,493	23,564	-
<b>Total Liabilities</b>	<b>194,569</b>	<b>38,690</b>	<b>380</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	22,949	514	2,439
Restricted for:			
Bond Covenants/Debt Service	27,620	-	-
Other Purposes	65	-	-
Unrestricted	17,188	50,954	4,054
<b>Total Net Assets</b>	<b>\$ 67,822</b>	<b>\$ 51,468</b>	<b>\$ 6,493</b>

<u>Georgia Medical Center Authority</u>	<u>Georgia Ports Authority</u>	<u>Georgia Seed Development Commission</u>	<u>OneGeorgia Authority</u>	<u>Total</u>
19	16,660	5	165	24,956
-	75	-	-	90
-	-	-	-	173
-	-	-	-	24
-	823	-	-	35,679
-	2,050	-	-	2,405
-	-	-	-	5,786
-	19,200	-	-	19,200
-	-	-	-	351
-	-	-	-	3,922
-	-	-	-	8,150
-	-	-	-	1,729
-	45,657	-	-	54,301
-	61,346	-	-	191,816
-	4,579	-	-	35,636
<u>19</u>	<u>150,390</u>	<u>5</u>	<u>165</u>	<u>384,218</u>
232	678,499	146	6	704,785
-	177,115	-	-	204,735
-	-	-	-	65
<u>29</u>	<u>-</u>	<u>5,250</u>	<u>171,858</u>	<u>249,333</u>
<u>\$ 261</u>	<u>\$ 855,614</u>	<u>\$ 5,396</u>	<u>\$ 171,864</u>	<u>\$ 1,158,918</u>

# State of Georgia

## Combining Statement of Activities Nonmajor Component Units Economic Development Organizations For the Fiscal Year Ended June 30, 2009 (dollars in thousands)

	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Development Authority	Georgia International and Maritime Trade Center Authority
<b>Expenses</b>	<u>\$ 110,653</u>	<u>\$ 2,310</u>	<u>\$ 2,951</u>
<b>Program Revenues:</b>			
Sales and Charges for Services	71,708	4,283	567
Operating Grants and Contributions	-	-	-
Capital Grants and Contributions	-	-	711
	<u>71,708</u>	<u>4,283</u>	<u>1,278</u>
Total Program Revenues	<u>71,708</u>	<u>4,283</u>	<u>1,278</u>
Net (Expenses) Revenue	<u>(38,945)</u>	<u>1,973</u>	<u>(1,673)</u>
<b>General Revenues:</b>			
Taxes	23,352	-	2,295
Unrestricted Investment Income	1,006	1	46
Payments from the State of Georgia	-	-	-
Other	9,189	-	-
	<u>33,547</u>	<u>1</u>	<u>2,341</u>
Total General Revenues	<u>33,547</u>	<u>1</u>	<u>2,341</u>
Change in Net Assets	(5,398)	1,974	668
Net Assets, July 1	<u>73,220</u>	<u>49,494</u>	<u>5,825</u>
<b>Net Assets, June 30</b>	<u><u>\$ 67,822</u></u>	<u><u>\$ 51,468</u></u>	<u><u>\$ 6,493</u></u>



Georgia Medical Center Authority	Georgia Ports Authority	Georgia Seed Development Commission	OneGeorgia Authority	Total
<u>\$ 682</u>	<u>\$ 174,924</u>	<u>\$ 7,721</u>	<u>\$ 41,043</u>	<u>\$ 340,284</u>
188	227,796	7,919	-	312,461
-	9	-	-	9
-	8,892	-	-	9,603
<u>188</u>	<u>236,697</u>	<u>7,919</u>	<u>-</u>	<u>322,073</u>
<u>(494)</u>	<u>61,773</u>	<u>198</u>	<u>(41,043)</u>	<u>(18,211)</u>
-	-	-	-	25,647
-	2,735	65	2,712	6,565
285	-	-	1,318	1,603
-	(436)	19	9	8,781
<u>285</u>	<u>2,299</u>	<u>84</u>	<u>4,039</u>	<u>42,596</u>
(209)	64,072	282	(37,004)	24,385
<u>470</u>	<u>791,542</u>	<u>5,114</u>	<u>208,868</u>	<u>1,134,533</u>
<u>\$ 261</u>	<u>\$ 855,614</u>	<u>\$ 5,396</u>	<u>\$ 171,864</u>	<u>\$ 1,158,918</u>

# State of Georgia

## Combining Statement of Net Assets Nonmajor Component Units Tourism/State Attractions June 30, 2009 (dollars in thousands)

	Georgia Agricultural Exposition Authority	Georgia Agrirama Development Authority	Georgia Golf Hall of Fame Authority	Georgia Music Hall of Fame Authority	Georgia Sports Hall of Fame Authority
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 326	\$ 47	\$ -	\$ 84	\$ 248
Investments	-	-	-	35	-
Receivables					
Accounts (Net)	234	14	-	-	10
Inventories	-	21	-	66	47
Prepaid Items	-	-	-	-	3
Other Current Assets	-	-	-	51	-
<b>Noncurrent Assets:</b>					
Capital Assets:					
Land	4,889	450	-	-	-
Buildings and Building Improvements	29,144	5,912	-	-	-
Improvements Other Than Buildings	-	-	1,765	-	-
Machinery and Equipment	4,040	127	-	115	156
Works of Art and Collections	-	79	-	571	-
Infrastructure	-	-	-	-	-
Construction in Progress	-	-	-	-	-
Accumulated Depreciation	(11,612)	(1,044)	(471)	(108)	(149)
Total Assets	27,021	5,606	1,294	814	315
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable and Other Accruals	-	-	-	8	-
Due to Primary Government	-	-	-	-	-
Salaries/Withholdings Payable	-	-	-	-	-
Unearned Revenue	193	-	-	9	-
Compensated Absences Payable - Current	1	-	-	-	25
Capital Leases/Installment Purchases Payable - Current	15	-	-	-	-
Notes and Loans Payable - Current	-	-	-	-	-
Revenue Bonds Payable - Current	-	-	-	-	-
Other Current Liabilities	-	-	-	1	-
Noncurrent Liabilities:					
Compensated Absences Payable	206	52	-	-	-
Capital Leases/Installment Purchases Payable	31	-	-	-	-
Notes and Loans Payable	-	-	-	35	-
Revenue Bonds Payable	-	-	-	-	-
Total Liabilities	446	52	-	53	25
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	26,461	5,524	1,294	579	7
Unrestricted	114	30	-	182	283
Total Net Assets	\$ 26,575	\$ 5,554	\$ 1,294	\$ 761	\$ 290

Jekyll Island State Park Authority	Lake Lanier Islands Development Authority	North Georgia Mountains Authority	Oconee River Greenway Authority	Sapelo Island Heritage Authority	Southwest Georgia Railroad Excursion Authority	Stone Mountain Memorial Association	Total
\$ 3,541	\$ 10,031	\$ 2,754	\$ 153	\$ -	\$ 692	\$ 5,322	\$ 23,198
650	-	1,917	-	-	-	13,746	16,348
1,452	-	24	-	-	-	95	1,829
392	-	-	-	-	-	14	540
28	-	-	-	-	-	19	50
-	-	-	1	-	-	-	52
147	-	2,445	127	4,646	-	8,984	21,688
42,964	-	29,690	-	-	242	81,301	189,253
12,945	-	-	-	-	-	28,944	43,654
4,594	-	2,803	-	-	599	32,691	45,125
71	-	-	-	-	-	122	843
15,189	-	-	-	-	-	-	15,189
560	22,265	-	1,246	-	-	4,691	28,762
(25,513)	-	(23,906)	-	-	(489)	(77,826)	(141,118)
57,020	32,296	15,727	1,527	4,646	1,044	98,103	245,413
428	27	3,294	-	-	294	341	4,392
17	-	-	-	-	-	-	17
307	-	-	-	-	-	-	307
609	-	-	-	-	-	-	811
236	-	-	-	-	-	-	262
-	-	-	-	-	-	-	15
492	-	1,435	-	-	-	-	1,927
-	306	-	-	-	-	-	306
6	-	-	-	-	-	177	184
334	21	-	-	-	-	-	613
-	-	-	-	-	-	-	31
2,090	7,353	6,832	-	-	-	-	16,310
-	9,421	-	-	-	-	-	9,421
4,519	17,128	11,561	-	-	294	518	34,596
50,958	12,538	10,491	1,372	4,646	352	78,906	193,128
1,543	2,630	(6,325)	155	-	398	18,679	17,689
\$ 52,501	\$ 15,168	\$ 4,166	\$ 1,527	\$ 4,646	\$ 750	\$ 97,585	\$ 210,817

# State of Georgia

## Combining Statement of Activities Nonmajor Component Units Tourism/State Attractions For the Fiscal Year Ended June 30, 2009 (dollars in thousands)

	Georgia Agricultural Exposition Authority	Georgia Agrirama Development Authority	Georgia Golf Hall of Fame Authority	Georgia Music Hall of Fame Authority	Georgia Sports Hall of Fame Authority
<b>Expenses</b>	\$ 7,975	\$ 1,465	\$ 105	\$ 1,320	\$ 993
<b>Program Revenues:</b>					
Sales and Charges for Services	6,595	325	-	391	200
Operating Grants and Contributions	-	-	-	63	140
Capital Grants and Contributions	-	-	-	-	-
Total Program Revenues	6,595	325	-	454	340
Net (Expenses) Revenue	(1,380)	(1,140)	(105)	(866)	(653)
<b>General Revenues:</b>					
Taxes	-	-	-	-	-
Unrestricted Investment Income	6	1	-	2	2
Payments from the State of Georgia	1,492	913	-	639	502
Other	-	76	-	21	-
Total General Revenues	1,498	990	-	662	504
Change in Net Assets	118	(150)	(105)	(204)	(149)
Net Assets, July 1 (Restated - Note 3)	26,457	5,704	1,399	965	439
Net Assets, June 30	\$ 26,575	\$ 5,554	\$ 1,294	\$ 761	\$ 290

Jekyll Island State Park Authority	Lake Lanier Islands Development Authority	North Georgia Mountains Authority	Oconee River Greenway Authority	Sapelo Island Heritage Authority	Southwest Georgia Railroad Excursion Authority	Stone Mountain Memorial Association	Total
\$ 18,328	\$ 1,409	\$ 9,745	\$ 80	\$ 6	\$ 527	\$ 9,890	51,843
14,948	3,201	12,938	-	-	729	10,275	49,602
556	-	-	277	-	-	-	1,036
793	-	-	-	484	-	-	1,277
16,297	3,201	12,938	277	484	729	10,275	51,915
(2,031)	1,792	3,193	197	478	202	385	72
1,186	-	-	-	-	-	-	1,186
76	102	121	1	-	-	923	1,234
-	-	-	-	-	325	-	3,871
-	350	-	228	-	-	-	675
1,262	452	121	229	-	325	923	6,966
(769)	2,244	3,314	426	478	527	1,308	7,038
53,270	12,924	852	1,101	4,168	223	96,277	203,779
\$ 52,501	\$ 15,168	\$ 4,166	\$ 1,527	\$ 4,646	\$ 750	\$ 97,585	210,817



# Statistical Section

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# State of Georgia

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## Statistical Section

This part of the *Comprehensive Annual Financial Report* presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the State's overall financial health.

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**Sources:** Unless otherwise noted, the information in these schedules is derived from the *Comprehensive Annual Financial Reports* for the relevant year. The State implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

# State of Georgia

## Schedule 1

### Net Assets by Component

### For the Last Eight Fiscal Years

(accrual basis of accounting)

(dollars in thousands)

	2009	2008	2007
<b>Governmental Activities</b> <sup>(1) (2)</sup>			
Invested in Capital Assets, Net of Related Debt	\$ 12,066,578	\$ 11,979,690	\$ 10,804,344
Restricted	2,254,051	1,641,507	2,398,250
Unrestricted	(468,978)	1,383,624	2,233,041
Total Governmental Activities Net Assets	<u>\$ 13,851,651</u>	<u>\$ 15,004,821</u>	<u>\$ 15,435,635</u>
<b>Business-Type Activities</b> <sup>(1) (2)</sup>			
Invested in Capital Assets, Net of Related Debt	\$ 5,178,579	\$ 4,801,548	\$ 4,582,190
Restricted	1,022,564	1,745,185	1,877,790
Unrestricted	(152,768)	604,035	475,506
Total Business-Type Activities Net Assets	<u>\$ 6,048,375</u>	<u>\$ 7,150,768</u>	<u>\$ 6,935,486</u>
<b>Total Primary Government</b> <sup>(2)</sup>			
Invested in Capital Assets, Net of Related Debt	\$ 17,245,157	\$ 16,781,238	\$ 15,386,534
Restricted	3,276,615	3,386,692	4,276,040
Unrestricted	(621,746)	1,987,659	2,708,547
Total Primary Government Net Assets	<u>\$ 19,900,026</u>	<u>\$ 22,155,589</u>	<u>\$ 22,371,121</u>

(1) Beginning in fiscal year 2007, the Georgia Technology Authority is reported as an internal service fund serving primarily governmental organizations and, as such, its activity and balances are included in Governmental Activities (previously reported in Business-Type Activities).

(2) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-Type Activities. Beginning in fiscal year 2009, the Business-Type Activities of the State Road and Tollway Authority (as previously reported in Governmental Activities) are included in nonmajor enterprise funds along with the Higher Education Facilities Authority.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports*

Fiscal Year				
2006	2005	2004	2003	2002
\$ 11,274,666	\$ 10,914,903	\$ 10,073,116	\$ 10,494,765	\$ 9,802,538
2,164,233	2,248,834	2,166,594	1,292,107	1,399,081
994,617	1,332,716	1,381,037	2,885,711	4,238,321
<u>\$ 14,433,516</u>	<u>\$ 14,496,453</u>	<u>\$ 13,620,747</u>	<u>\$ 14,672,583</u>	<u>\$ 15,439,940</u>
\$ 4,387,218	\$ 4,214,124	\$ 3,849,935	\$ 3,517,358	\$ 3,132,336
1,767,054	1,599,878	1,269,663	1,313,230	1,858,883
374,831	366,419	604,687	710,036	839,774
<u>\$ 6,529,103</u>	<u>\$ 6,180,421</u>	<u>\$ 5,724,285</u>	<u>\$ 5,540,624</u>	<u>\$ 5,830,993</u>
\$ 15,661,884	\$ 15,129,027	\$ 13,923,051	\$ 14,012,123	\$ 12,934,874
3,931,287	3,848,712	3,436,257	2,605,337	3,257,964
1,369,448	1,699,135	1,985,724	3,595,747	5,078,095
<u>\$ 20,962,619</u>	<u>\$ 20,676,874</u>	<u>\$ 19,345,032</u>	<u>\$ 20,213,207</u>	<u>\$ 21,270,933</u>

# State of Georgia

## Schedule 2

### Changes in Net Assets

### For the Last Eight Fiscal Years

### (accrual basis of accounting)

### (dollars in thousands)

	2009	2008	2007
<b>Expenses</b>			
Governmental Activities			
General Government <sup>(1)</sup>	\$ 1,904,893	\$ 1,896,438	\$ 1,830,659
Education	10,085,766	10,812,665	9,948,891
Health and Welfare	13,118,680	12,256,789	11,764,652
Transportation <sup>(2)</sup>	1,786,808	3,056,226	1,705,285
Public Safety	1,972,187	2,130,454	1,891,555
Economic Development and Assistance	735,415	504,897	759,979
Culture and Recreation	273,401	251,055	286,132
Conservation	69,726	69,836	102,149
Interest and Other Charges on Long-Term Debt <sup>(2)</sup>	466,077	405,255	385,449
Total Governmental Activities	30,412,953	31,383,615	28,674,751
Business-Type Activities			
Georgia Technology Authority <sup>(1)</sup>	-	-	-
Higher Education Fund	6,728,721	6,242,687	5,592,755
State Employees' Health Benefit Plan	2,211,087	2,043,604	1,868,431
Unemployment Compensation Fund	2,435,344	774,030	626,058
Nonmajor Enterprise Funds <sup>(2)</sup>	17,835	15,110	12,845
Total Business-Type Activities	11,392,987	9,075,431	8,100,089
Total Primary Government Expenses	\$ 41,805,940	\$ 40,459,046	\$ 36,774,840
<b>Program Revenues</b>			
Governmental Activities <sup>(1) (2)</sup>			
Sales and Charges for Services			
General Government	\$ 1,654,486	\$ 1,634,855	\$ 1,653,554
Health and Welfare	367,829	321,172	504,520
Public Safety	232,579	278,675	334,033
Other Sales and Charges for Services	225,419	245,978	258,936
Operating Grants and Contributions	12,714,639	11,886,083	10,041,218
Capital Grants and Contributions	1,286,969	1,426,839	1,213,420
Total Governmental Activities	16,481,921	15,793,602	14,005,681
Business-Type Activities <sup>(1) (2)</sup>			
Sales and Charges for Services			
Georgia Technology Authority	-	-	-
Higher Education Fund	2,103,284	1,834,826	1,694,368
Unemployment Compensation Fund	-	-	223
State Road and Tollway Authority	27,669	20,648	20,854
Operating Grants and Contributions	5,376,243	4,509,566	4,214,533
Capital Grants and Contributions	45,385	111,055	48,490
Total Business-Type Activities	7,552,581	6,476,095	5,978,468
Total Primary Government Program Revenues	\$ 24,034,502	\$ 22,269,697	\$ 19,984,149
<b>Net (Expense) Revenue</b>			
Governmental Activities <sup>(1) (2)</sup>	\$ (13,931,032)	\$ (15,590,013)	\$ (14,669,070)
Business-Type Activities <sup>(1) (2)</sup>	(3,840,406)	(2,599,336)	(2,121,621)
Total Primary Government	\$ (17,771,438)	\$ (18,189,349)	\$ (16,790,691)

Fiscal Year				
2006	2005	2004	2003	2002
\$ 1,562,693	\$ 1,354,451	\$ 1,900,816	\$ 1,411,121	\$ 1,133,811
9,030,145	8,376,252	8,007,435	7,942,981	7,558,467
11,238,207	11,847,414	11,370,543	10,299,189	10,100,531
1,624,369	2,316,638	1,844,281	1,096,837	1,458,959
1,715,838	1,781,048	1,712,346	1,779,432	1,693,449
696,800	702,879	738,425	729,878	714,287
263,813	225,821	237,831	199,873	216,506
60,660	48,791	49,089	57,885	81,753
326,741	318,860	319,034	342,748	319,094
26,519,266	26,972,154	26,179,800	23,859,944	23,276,857
176,153	193,918	198,937	207,165	217,334
5,292,112	5,310,815	4,762,820	4,640,361	4,286,201
2,182,743	2,092,457	1,850,125	1,677,982	1,503,456
582,171	584,260	877,555	995,169	861,474
-	-	-	-	-
8,233,179	8,181,450	7,689,437	7,520,677	6,868,465
\$ 34,752,445	\$ 35,153,604	\$ 33,869,237	\$ 31,380,621	\$ 30,145,322
\$ 787,894	\$ 267,756	\$ 214,580	\$ 447,223	\$ 751,959
706,876	1,435,224	1,198,094	780,018	1,333,912
141,432	412,572	395,988	382,390	324,425
284,498	437,569	448,103	225,889	579,771
9,393,686	9,213,591	9,457,170	8,674,421	7,597,051
1,032,961	1,014,144	828,453	621,391	534,745
12,347,347	12,780,856	12,542,388	11,131,332	11,121,863
177,137	204,246	198,869	207,891	218,944
1,567,385	1,730,328	1,349,989	1,210,452	1,009,853
-	-	530,481	128,546	113,864
-	-	-	-	-
4,374,153	4,050,853	3,330,386	3,224,705	3,333,379
45,965	40,029	148,407	29	65,457
6,164,640	6,025,456	5,558,132	4,771,623	4,741,497
\$ 18,511,987	\$ 18,806,312	\$ 18,100,520	\$ 15,902,955	\$ 15,863,360
\$ (14,171,919)	\$ (14,191,298)	\$ (13,637,412)	\$ (12,728,612)	\$ (12,154,994)
(2,068,539)	(2,155,994)	(2,131,305)	(2,749,054)	(2,126,968)
\$ (16,240,458)	\$ (16,347,292)	\$ (15,768,717)	\$ (15,477,666)	\$ (14,281,962)
(continued)				

# State of Georgia

## Schedule 2

### Changes in Net Assets

### For the Last Eight Fiscal Years

### (accrual basis of accounting)

### (dollars in thousands)

	2009	2008	2007
<b>General Revenues and Other Changes in Net Assets</b>			
<b>Governmental Activities</b> <sup>(1) (2)</sup>			
General Revenues			
Taxes			
Personal Income	\$ 7,794,606	\$ 8,834,591	\$ 8,831,753
Sales - General	5,080,946	5,760,691	6,234,221
Other Taxes	2,370,848	2,694,710	2,810,010
Unrestricted Investment Income	63,074	264,448	470,480
Unclaimed Property	35,356	58,857	140,367
Other	112,681	247,322	54,317
Special Items	-	-	-
Transfers	(2,679,135)	(2,670,418)	(2,478,882)
Total Governmental Activities	<u>12,778,376</u>	<u>15,190,201</u>	<u>16,062,266</u>
<b>Business-Type Activities</b> <sup>(1) (2)</sup>			
General Revenues			
Unrestricted Investment Income	76,060	134,436	147,034
Other	-	-	47
Special Items	-	-	-
Transfers	2,679,135	2,670,418	2,478,882
Total Business-Type Activities	<u>2,755,195</u>	<u>2,804,854</u>	<u>2,625,963</u>
Total Primary Government General Revenues and Other Changes in Net Assets	<u>\$ 15,533,571</u>	<u>\$ 17,995,055</u>	<u>\$ 18,688,229</u>
<b>Changes in Net Assets</b>			
Governmental Activities <sup>(1) (2)</sup>	\$ (1,152,656)	\$ (399,812)	\$ 1,393,196
Business-Type Activities <sup>(1) (2)</sup>	(1,085,211)	205,518	504,342
Total Primary Government	<u>\$ (2,237,867)</u>	<u>\$ (194,294)</u>	<u>\$ 1,897,538</u>

(1) Beginning in fiscal year 2007, the Georgia Technology Authority is reported as an internal service fund serving primarily governmental organizations and, as such, its activity and balances are included in Governmental Activities (previously reported in Business-Type Activities).

(2) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-Type Activities. Beginning in fiscal year 2009, the Business-Type Activities of the State Road and Tollway Authority (previously reported in Governmental Activities) are included in nonmajor enterprise funds along with the Higher Education Facilities Authority.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports* and supporting working papers (certain amounts restated for purposes of comparability)

Fiscal Year				
2006	2005	2004	2003	2002
\$ 8,104,465	\$ 7,133,515	\$ 6,876,663	\$ 6,339,352	\$ 6,597,862
5,603,743	5,309,167	4,799,239	4,710,046	4,368,297
2,451,385	2,385,602	2,058,832	1,910,795	1,930,212
196,422	208,656	116,615	260,409	74,384
107,149	75,353	54,074	43,719	40,658
958,131	1,011,803	1,094,450	760,714	732,219
-	-	-	(907)	-
(2,306,278)	(2,340,526)	(2,294,450)	(2,132,446)	(2,181,906)
15,115,017	13,783,570	12,705,423	11,891,682	11,561,726
110,942	88,207	58,647	107,562	28,396
-	-	-	-	-
-	-	-	-	(2,900)
2,306,278	2,340,526	2,294,450	2,132,446	2,181,906
2,417,220	2,428,733	2,353,097	2,240,008	2,207,402
\$ 17,532,237	\$ 16,212,303	\$ 15,058,520	\$ 14,131,690	\$ 13,769,128
\$ 943,098	\$ (407,728)	\$ (931,989)	\$ (836,930)	\$ (593,268)
348,681	272,739	221,792	(509,046)	80,434
\$ 1,291,779	\$ (134,989)	\$ (710,197)	\$ (1,345,976)	\$ (512,834)

# State of Georgia

## Schedule 3

### Fund Balances of Governmental Funds

#### For the Last Eight Fiscal Years

(modified accrual basis of accounting)

(dollars in thousands)

	2009	2008	2007
General Fund			
Reserved	\$ 3,520,953	\$ 2,837,792	\$ 3,487,699
Unreserved	(492,520)	1,489,500	2,077,088
Total General Fund	<u>\$ 3,028,433</u>	<u>\$ 4,327,292</u>	<u>\$ 5,564,787</u>
All Other Governmental Funds <sup>(1)</sup>			
Reserved	\$ 14	\$ 14	\$ 14
Unreserved, Reported in			
Special Revenue Funds	436,838	286,451	187,585
Capital Projects Funds	<u>1,496,019</u>	<u>1,195,760</u>	<u>1,476,288</u>
Total All Other Governmental Funds	<u>\$ 1,932,871</u>	<u>\$ 1,482,225</u>	<u>\$ 1,663,887</u>

(1) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, the balances of its General Fund are included in the State's Special Revenue Funds. The Georgia Higher Education Authority, a blended component unit, was reported in the State's Capital Projects Funds in fiscal year 2008. Beginning in fiscal year 2009, the balances of this fund are included the State's Nonmajor Enterprise Funds.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports*  
(certain amounts restated for purposes of comparability)



**Fiscal Year**

2006	2005	2004	2003	2002
\$ 3,342,233	\$ 3,430,424	\$ 3,319,425	\$ 2,944,712	\$ 3,004,971
924,590	335,828	228,852	421,985	1,499,182
<u>\$ 4,266,823</u>	<u>\$ 3,766,252</u>	<u>\$ 3,548,277</u>	<u>\$ 3,366,697</u>	<u>\$ 4,504,153</u>
\$ 1,028	\$ 1,027	\$ 1,639	\$ 116,698	\$ 232,531
1,219	-	-	-	-
<u>1,207,665</u>	<u>804,079</u>	<u>1,236,105</u>	<u>1,355,723</u>	<u>1,799,293</u>
<u>\$ 1,209,912</u>	<u>\$ 805,106</u>	<u>\$ 1,237,744</u>	<u>\$ 1,472,421</u>	<u>\$ 2,031,824</u>

# State of Georgia

## Schedule 4

### Changes in Fund Balances of Governmental Funds For the Last Eight Fiscal Years

(modified accrual basis of accounting)

(dollars in thousands)

	2009	2008	2007
<b>Revenues</b>			
Taxes			
Personal Income	\$ 7,794,606	\$ 8,834,591	\$ 8,831,754
Sales - General	5,080,946	5,760,691	6,234,221
Other Taxes	2,370,848	2,694,710	2,810,010
Licenses and Permits	667,363	682,940	649,930
Intergovernmental - Federal	13,417,524	11,623,735	10,648,457
Intergovernmental - Other	360,531	405,077	401,637
Sales and Services	392,097	376,674	687,277
Fines and Forfeits	335,485	321,804	344,139
Interest and Other Investment Income	138,077	240,337	443,226
Unclaimed Property	35,356	58,857	140,367
Lottery Proceeds	872,136	867,686	853,641
Nursing Home Provider Fees	122,623	133,974	111,768
Other	157,741	152,296	258,313
<b>Total Revenues</b>	<b>31,745,333</b>	<b>32,153,372</b>	<b>32,414,740</b>
<b>Expenditures</b>			
Current			
General Government	1,250,409	1,251,265	1,207,057
Education	10,083,963	10,481,854	9,945,327
Health and Welfare	13,097,393	12,475,474	11,724,373
Transportation	2,725,244	3,256,231	2,628,075
Public Safety	1,976,831	2,035,807	1,841,350
Economic Development and Assistance	718,858	816,766	739,998
Culture and Recreation	306,434	315,578	293,620
Conservation	65,007	69,883	101,773
Capital Outlay	560,229	471,251	474,050
Debt Service			
Principal	801,565	750,909	679,216
Interest	469,281	434,494	409,632
Other Charges	36,059	(2,342)	(10,855)
Intergovernmental	377,607	341,524	324,056
<b>Total Expenditures</b>	<b>32,468,880</b>	<b>32,698,694</b>	<b>30,357,672</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(723,547)	(545,322)	2,057,068
<b>Other Financing Sources (Uses)</b>			
General Obligation Bonds Issuance	1,445,645	946,035	1,410,648
Refunding Bonds Issuance	149,730	-	213,720
Revenue Bond Issuance	600,000	600,000	450,000
Premium on General Obligation Bonds Sold	84,867	16,828	3,894
Premium on Refunding Bonds Sold	21,730	-	18,922
Premium on Revenue Bonds Sold	57,683	39,911	19,967
Accrued Interest on Refunding Bonds Sold	-	-	742
Accrued Interest on Revenue Bonds Sold	538	-	-
Payment to Refunded Bond Escrow Agent	(171,307)	-	(235,516)
Proceeds from Disposition of General Capital Assets	-	1,661	-
Capital Leases	2,259	825	777
Other Financing Agreements	-	-	-
Transfers In	2,151,031	2,121,862	1,925,552
Transfers Out	(4,466,328)	(4,599,625)	(4,211,954)
<b>Net Other Financing Sources (Uses)</b>	<b>(124,152)</b>	<b>(872,503)</b>	<b>(403,248)</b>
Other Adjustments to Fund Balance	-	(1,332)	98,119
<b>Net Change in Fund Balance</b>	<b>\$ (847,699)</b>	<b>\$ (1,419,157)</b>	<b>\$ 1,751,939</b>
<b>Debt Service Expenditures as a Percentage of Noncapital Expenditures <sup>(1)</sup></b>	<b>4.37%</b>	<b>3.98%</b>	<b>3.85%</b>

(1) Noncapital expenditures are calculated as total expenditures less capital outlay expenditures less capital expenditures in current expenditure functions. Capital expenditures in current expenditure functions are identified in the process of reconciling Governmental Funds to Governmental Activities.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports* and supporting working papers

Fiscal Year				
2006	2005	2004	2003	2002
\$ 8,104,465	\$ 7,133,515	\$ 6,876,663	\$ 6,339,352	\$ 6,597,862
5,603,743	5,309,167	4,799,240	4,710,046	4,368,297
2,451,385	2,385,603	2,058,832	1,910,795	1,930,212
539,158	496,178	452,008	425,770	448,263
10,024,646	10,152,667	10,226,522	8,905,213	8,189,311
117,040	-	-	-	-
994,996	1,732,902	1,657,989	1,148,835	1,678,090
303,788	265,708	238,662	270,341	257,484
186,974	103,155	36,427	191,237	244,858
107,149	75,353	54,074	43,719	40,659
822,797	802,083	801,381	751,557	726,202
95,607	99,271	92,768	-	-
386,791	212,886	108,653	344,530	326,681
29,738,539	28,768,488	27,403,219	25,041,395	24,807,919
1,158,810	1,088,655	978,666	997,061	839,639
9,031,188	8,359,398	8,014,842	7,948,434	7,567,495
11,270,055	11,861,217	11,374,111	10,249,541	10,090,829
2,079,873	1,804,448	1,701,666	1,681,771	1,716,885
1,788,074	1,696,260	1,692,289	1,755,103	1,686,971
685,680	688,658	728,330	742,169	708,073
282,422	246,261	240,504	236,631	235,249
61,041	57,677	48,624	56,668	86,891
478,109	485,995	837,904	825,245	761,810
570,042	524,583	507,110	511,006	449,258
324,893	332,808	343,489	344,757	314,201
(2,497)	1,037	3,802	(5,833)	3,293
243,347	-	-	-	-
27,971,037	27,146,997	26,471,337	25,342,553	24,460,594
1,767,502	1,621,491	931,882	(301,158)	347,325
1,236,010	206,875	955,395	552,514	1,229,428
425,000	458,605	-	-	-
-	-	-	-	-
4,040	4,815	-	-	-
46,399	61,957	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(469,479)	(519,316)	-	-	-
600	-	2,191	5,228	3,966
1,085	1,644	323	1,796	2,354
-	-	-	-	54,670
1,022,503	1,023,279	943,719	956,732	1,513,165
(3,165,858)	(3,050,444)	(2,906,674)	(2,898,429)	(3,570,391)
(899,700)	(1,812,585)	(1,005,046)	(1,382,159)	(766,808)
37,112	(23,569)	(461)	(1,077)	-
\$ 904,914	\$ (214,663)	\$ (73,625)	\$ (1,684,394)	\$ (419,483)
3.44%	3.28%	3.45%	3.60%	3.45%

# State of Georgia

## Schedule 5

### Revenue Base - Personal Income by Industry For the Last Ten Calendar Years (dollars in millions)

	2008	2007	2006	2005
Accommodation and Food Services	\$ 7,283	\$ 7,203	\$ 6,862	\$ 6,401
Administrative and Waste Services	11,359	11,240	10,706	10,188
Arts, Entertainment and Recreation	1,883	1,813	1,693	1,648
Construction	13,799	14,878	14,825	13,857
Educational Services	3,415	3,225	2,996	2,658
Farm Earnings	1,308	1,595	1,177	2,009
Federal Government - Civilian	9,762	9,285	8,835	8,382
Federal Government - Military	8,171	7,435	7,027	6,639
Finance and Insurance	16,098	15,905	15,263	14,107
Forestry, Fishing and Related Activities	771	792	783	743
Health Care and Social Assistance	21,295	20,391	19,128	18,274
Information	14,002	13,625	12,763	12,012
Management of Companies and Enterprises	5,361	5,571	5,175	5,691
Manufacturing	26,945	27,491	27,743	26,205
Mining	582	656	616	578
Other Services, Except Public Administration	6,897	6,856	6,571	6,292
Professional and Technical Services	24,835	23,137	21,471	19,987
Real Estate, Rental and Leasing	5,683	5,967	6,037	5,896
Retail Trade	15,712	16,029	15,585	14,860
State and Local Government	28,316	26,847	25,364	24,041
Transportation and Warehousing	10,771	11,102	9,756	9,803
Utilities	3,476	3,278	3,129	2,931
Wholesale Trade	17,924	17,664	16,821	15,826
Other	73,423	67,033	60,656	55,249
Total Personal Income	<u>\$ 329,071</u>	<u>\$ 319,018</u>	<u>\$ 300,982</u>	<u>\$ 284,277</u>

Average Effective Rate<sup>(1)</sup> 2.7% 2.8% 2.7% 2.5%

(1) The total direct rate for personal income is not available. The average effective rate was calculated by dividing personal income tax collections (see Schedule 4) by total personal income.

Source: U. S. Department of Commerce, Bureau of Economic Analysis

**Calendar Year**

2004		2003		2002		2001		2000		1999	
\$	6,033	\$	5,608	\$	5,238	\$	5,104	\$	4,958	\$	4,583
	9,257		8,366		7,914		7,695		7,431		6,741
	1,542		1,578		1,654		1,565		1,509		1,225
	12,782		11,755		11,422		11,496		11,410		10,330
	2,499		2,349		2,272		2,206		1,909		1,739
	1,843		2,010		1,470		1,985		1,650		1,994
	7,833		7,456		7,103		6,571		6,380		5,894
	5,907		5,464		4,726		4,206		3,875		3,608
	13,342		12,228		11,790		11,432		10,704		9,405
	681		667		658		749		719		648
	17,083		15,832		14,962		13,992		13,140		12,281
	11,636		11,462		11,703		12,085		11,955		10,383
	4,615		3,956		4,233		4,476		4,085		4,075
	25,997		24,509		24,369		24,241		24,218		23,148
	569		517		502		497		535		495
	5,989		5,813		5,544		5,169		5,079		4,714
	18,071		17,306		16,940		17,482		16,801		15,570
	5,270		4,817		4,571		4,656		4,576		4,038
	14,056		13,732		13,524		13,378		12,842		12,001
	22,877		21,986		20,812		19,407		18,273		17,327
	10,135		9,205		9,133		9,184		8,896		8,231
	2,944		2,793		2,835		2,660		2,305		2,024
	14,648		13,712		13,672		13,854		13,787		12,557
	49,245		47,685		47,910		46,526		43,319		39,070
<u>\$ 264,854</u>		<u>\$ 250,806</u>		<u>\$ 244,957</u>		<u>\$ 240,616</u>		<u>\$ 230,356</u>		<u>\$ 212,081</u>	

2.6%

2.5%

2.7%

2.9%

2.8%

2.8%

# State of Georgia

## Schedule 6

### Personal Income Tax Rates by Filing Status and Income Level

For the Last Ten Calendar Years

#### Filing Status

##### Georgia Taxable Net Income Level

**2000 - 2009**

#### Single

Not Over \$750	1%
Over \$750 But Not Over \$2,250	\$7.50 Plus 2% of Amount Over \$750
Over \$2,250 But Not Over \$3,750	\$37.50 Plus 3% of Amount Over \$2,250
Over \$3,750 But Not Over \$5,250	\$82.50 Plus 4% of Amount Over \$3,750
Over \$5,250 But Not Over \$7,000	\$142.50 Plus 5% of Amount Over \$5,250
Over \$7,000	\$230.00 Plus 6% of Amount Over \$7,000

#### Married Filing Separately

Not Over \$500	1%
Over \$500 But Not Over \$1,500	\$5.00 Plus 2% of Amount Over \$500
Over \$1,500 But Not Over \$2,500	\$25.00 Plus 3% of Amount Over \$1,500
Over \$2,500 But Not Over \$3,500	\$55.00 Plus 4% of Amount Over \$2,500
Over \$3,500 But Not Over \$5,000	\$95.00 Plus 5% of Amount Over \$3,500
Over \$5,000	\$170.00 Plus 6% of Amount Over \$5,000

#### Head of Household and Married Filing Jointly

Not Over \$1,000	1%
Over \$1,000 But Not Over \$3,000	\$10.00 Plus 2% of Amount Over \$1,000
Over \$3,000 But Not Over \$5,000	\$50.00 Plus 3% of Amount Over \$3,000
Over \$5,000 But Not Over \$7,000	\$110.00 Plus 4% of Amount Over \$5,000
Over \$7,000 But Not Over \$10,000	\$190.00 Plus 5% of Amount Over \$7,000
Over \$10,000	\$340.00 Plus 6% of Amount Over \$10,000

Source: OCGA Section 48-7-20, Paragraph (b)(1)

# State of Georgia

## Schedule 7

### Personal Income Tax Filers and Liability by Income Level

#### For Calendar Years 2007(1) and 1998

(dollars, except income level, are in thousands)

<u>Income Level</u>	2007(1)			
	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>
\$1,000 and under (2)	715,800	16.8%	\$ 505,330	6.0%
\$1,001 to \$5,000	274,100	6.4%	20	0.0%
\$5,001 to \$10,000	355,200	8.3%	9,100	0.1%
\$10,001 to \$15,000	334,500	7.8%	40,876	0.5%
\$15,001 to \$20,000	306,000	7.2%	90,780	1.1%
\$20,001 to \$25,000	276,500	6.5%	139,990	1.7%
\$25,001 to \$30,000	243,900	5.7%	175,088	2.1%
\$30,001 to \$50,000	649,100	15.2%	790,663	9.4%
\$50,001 to \$100,000	700,000	16.4%	1,827,148	21.8%
\$100,001 to \$500,000	392,300	9.2%	2,886,601	34.5%
\$500,001 to \$1,000,000	16,800	0.4%	577,675	6.9%
\$1,000,001 and higher	9,000	0.2%	1,330,000	15.9%
Totals	<u>4,273,200</u>	<u>100.0%</u>	<u>\$ 8,373,271</u>	<u>100.0%</u>

<u>Income Level</u>	1998			
	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>
\$1,000 and under (2)	240,832	7.2%	\$ 184,474	3.6%
\$1,001 to \$5,000	301,968	9.0%	94	0.0%
\$5,001 to \$10,000	356,106	10.7%	9,720	0.2%
\$10,001 to \$15,000	328,652	9.8%	45,284	0.9%
\$15,001 to \$20,000	302,660	9.1%	98,758	1.9%
\$20,001 to \$25,000	264,687	7.9%	146,756	2.9%
\$25,001 to \$30,000	211,712	6.3%	170,624	3.3%
\$30,001 to \$50,000	563,924	16.9%	738,024	14.4%
\$50,001 to \$100,000	557,318	16.7%	1,460,638	28.5%
\$100,001 to \$500,000	197,649	5.9%	1,429,019	27.9%
\$500,001 to \$1,000,000	7,617	0.2%	258,379	5.0%
\$1,000,001 and higher	3,949	0.1%	584,222	11.4%
Totals	<u>3,337,074</u>	<u>100.0%</u>	<u>\$ 5,125,991</u>	<u>100.0%</u>

(1) Most recent available data.

(2) Category also includes payments from out-of-state residents and partial-year payers

Source: Georgia Department of Revenue Annual Statistical Report

# State of Georgia

## Schedule 8

### Ratios of Outstanding Debt by Type

### For the Last Eight Fiscal Years

(dollars in thousands, except per capita amounts)

Fiscal Year	Governmental Activities <sup>(1)</sup>									
	General		General State Bond Debt	Revenue Bonds	Capital Leases	Notes and Loans				
	Obligation Bonds									
2009	\$	8,725,198	\$	-	\$	2,046,270	\$	3,266	\$	27,698
2008		7,927,420		-		1,617,932		5,184		32,820
2007		7,688,919		-		1,037,993		8,162		568
2006		6,909,343		-		-		4,748		796
2005		6,238,934		-		-		5,122		3,583
2004		6,513,380		16		-		4,892		2,506
2003		6,083,975		16		-		5,424		2,570
2002		6,058,295		16		-		5,911		2,632

(1) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-Type Activities.

(2) See Schedule 11 (Population/Demographics) for personal income and population data.

Source: Financial Information included in Current and Prior Years' *Comprehensive Annual Financial Reports*



Business-Type Activities <sup>(1)</sup>			Less:				
			Net Assets				
Revenue	Capital	Notes and	Restricted to	Total	Percentage of	Outstanding	
Bonds	Leases	Loans	Guaranteed	Primary	Personal	Debt	
			Revenue Debt	Government	Income <sup>(2)</sup>	Per Capita <sup>(2)</sup>	
\$ 121,736	\$ 2,240,418	\$ 8,733	\$ (62,887)	\$ 13,110,432	3.98%	\$ 1,353.6	
31,628	1,795,234	9,170	(63,084)	11,356,304	3.56%	1,192.5	
38,540	1,201,524	9,477	(63,084)	9,922,099	3.30%	1,064.7	
-	839,926	2,618	-	7,757,431	2.73%	853.0	
-	678,055	4,244	-	6,929,938	2.62%	777.7	
-	479,272	2,512	-	7,002,578	2.79%	801.9	
-	186,428	2,845	-	6,281,258	2.56%	731.8	
-	93,263	2,345	-	6,162,462	2.56%	732.0	



# State of Georgia

## Schedule 9

### Ratios of General Bonded Debt Outstanding

#### For the Last Eight Fiscal Years

(dollars in thousands, except per capita amounts)

Fiscal Year	Net General Bonded Debt <sup>(1)</sup>	Percentage of Personal Income <sup>(2)</sup>	Outstanding Debt Per Capita <sup>(2)</sup>
2009	\$ 10,830,317	3.29%	\$ 1,118.17
2008	9,513,896	2.98%	999.01
2007	8,702,368	2.89%	933.86
2006	6,909,343	2.43%	759.77
2005	6,238,934	2.36%	700.16
2004	6,513,396	2.60%	745.84
2003	6,083,991	2.48%	708.79
2002	6,058,311	2.52%	719.63

(1) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-Type Activities.

(2) See Schedule 11 (Population/Demographics) for personal income and population data.

Source: Financial Information included in Current and Prior Years' *Comprehensive Annual Financial Reports*

# State of Georgia

## Schedule 10

### Computation of Legal Debt Margin For the Last Ten Fiscal Years (in whole dollars)

	2009	2008	2007	2006
<b>Revenue Base:</b>				
Treasury Receipts for the Preceding Fiscal Year <sup>(1)</sup>	<u>\$ 19,789,800,881</u>	<u>\$ 19,895,976,559</u>	<u>\$ 18,343,186,033</u>	<u>\$ 16,789,925,631</u>
<b>Debt Limit Amount:</b>				
Highest Aggregate Annual Commitments (Principal and Interest) Permitted Under Constitutional Limitation (10% of above)	\$ 1,978,980,088	\$ 1,989,597,656	\$ 1,834,318,603	\$ 1,678,992,563
<b>Debt Applicable to the Limit:</b>				
Highest Total Annual Commitments in Current or any Subsequent Fiscal Year	<u>1,164,562,193</u>	<u>1,085,762,485</u>	<u>1,038,052,566</u>	<u>935,230,555</u>
<b>Legal Debt Margin</b>	<u>\$ 814,417,895</u>	<u>\$ 903,835,171</u>	<u>\$ 796,266,037</u>	<u>\$ 743,762,008</u>
 Total Debt Applicable to the Limit as a Percentage of Debt Limit Amount	 58.8%	 54.6%	 56.6%	 55.7%

(1) Includes Indigent Care Trust Fund Receipts, Brain and Spinal Injury Trust Fund Receipts, Lottery Proceeds and Tobacco Settlement Fund

(2) Interest on Guaranteed Revenue Debt Common Reserve Funds included from this point forward.

Source: Prior Year's *Comprehensive Annual Financial Reports*, other annual state reports, Georgia State Financing and Investment Commission, Constitution of the State of Georgia

Note: The Constitution of the State of Georgia limits the combined total of highest annual debt service requirements for general obligation and guaranteed revenue debt to 10 percent of the prior year's revenue collections.

Fiscal Year					
2005 <sup>(2)</sup>	2004	2003	2002	2001	2000
<u>\$15,530,262,707</u>	<u>\$14,737,541,220</u>	<u>\$15,126,479,334</u>	<u>\$15,768,578,047</u>	<u>\$14,959,980,702</u>	<u>\$13,539,916,503</u>
\$ 1,553,026,271	\$ 1,473,754,122	\$ 1,512,647,933	\$ 1,576,857,805	\$ 1,495,998,070	\$ 1,353,991,650
<u>932,636,053</u>	<u>959,876,954</u>	<u>819,243,571</u>	<u>881,667,486</u>	<u>660,903,018</u>	<u>656,448,838</u>
<u>\$ 620,390,218</u>	<u>\$ 513,877,168</u>	<u>\$ 693,404,362</u>	<u>\$ 695,190,319</u>	<u>\$ 835,095,052</u>	<u>\$ 697,542,812</u>
60.1%	65.1%	54.2%	55.9%	44.2%	48.5%

# State of Georgia

## Schedule 11

### Population/Demographics

#### For the Last Ten Calendar Years

Year	Population	Personal Income (in millions)	Per Capita Personal Income	Public School Enrollment	Unemployment Rate
2008	9,685,744	\$ 329,071	\$ 33,975	1,642,033	6.2%
2007	9,523,297	319,018	33,499	1,634,255	4.6%
2006	9,318,715	300,982	32,299	1,618,869	4.6%
2005	9,093,958	284,277	31,260	1,588,803	5.2%
2004	8,910,741	264,854	29,723	1,544,044	4.7%
2003	8,732,924	250,806	28,720	1,513,521	4.8%
2002	8,583,674	244,957	28,538	1,486,694	4.8%
2001	8,418,592	240,616	28,582	1,459,827	4.0%
2000	8,230,053	230,356	27,990	1,435,174	3.5%
1999	8,045,965	212,081	26,359	1,412,840	3.8%

Sources: Population - U. S. Department of Commerce, Bureau of the Census (midyear population estimates)  
Personal Income - U. S. Department of Commerce, Bureau of Economic Analysis  
Public School Enrollment - Georgia Department of Education (March of each school year)  
Unemployment Rate - U. S. Department of Labor (annual average)

# State of Georgia

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## Schedule 12

### Principal Private Sector Employers

### Fiscal Year 2009 and Nine Years Previous (2000)

#### 2009 Employers

Delta Air Lines, Incorporated  
Emory System of Health Care  
Emory University  
Georgia Power Company  
Lowe's Home Centers  
Mohawk Carpet  
Publix Supermarkets, Incorporated  
Rare Hospitality International  
Shaw Industries, Incorporated  
Target  
The Home Depot  
The Kroger Company  
United Parcel  
Wal-Mart Stores, Incorporated  
Wellstar Health System

#### 2000 Employers

AT&T  
BellSouth Corporation  
Delta Air Lines, Incorporated  
Emory System of Health Care  
Mohawk Industries  
Promina Health System  
Publix Supermarkets, Incorporated  
Shaw Industries, Incorporated  
The Southern Company/Georgia Power Company  
Wal-Mart Stores, Incorporated

To protect employer confidentiality, Georgia law prohibits the release of employee numbers by employer.

#### Sources:

Employers - Georgia Department of Labor  
2009 Employment based on 3 month average

# State of Georgia

## Schedule 13

### State Government Employment by Function For the Last Ten Fiscal Years

	2009	2008	2007	2006
<b>Governmental Activities</b>				
General Government	8,425	9,151	9,240	6,779
Education	1,156	1,186	1,160	1,129
Health and Welfare	22,629	23,430	22,732	22,170
Transportation	5,340	5,745	5,849	5,769
Public Safety	21,829	23,850	23,115	23,266
Economic Development and Assistance	4,636	4,650	4,584	4,589
Culture and Recreation	2,785	3,160	3,023	2,945
Conservation	746	776	776	742
	<u>67,546</u>	<u>71,948</u>	<u>70,479</u>	<u>67,389</u>
<b>Business-Type Activities<sup>(1)</sup></b>				
Georgia Technology Authority <sup>(2) (3)</sup>	-	-	-	562
Higher Education Fund	85,193	86,579	84,795	82,200
State Road and Tollway Authority <sup>(4)</sup>	<u>53</u>	<u>43</u>	<u>51</u>	<u>-</u>
	<u>85,246</u>	<u>86,622</u>	<u>84,846</u>	<u>82,762</u>
<b>Total Employment</b>	<u><u>152,792</u></u>	<u><u>158,570</u></u>	<u><u>155,325</u></u>	<u><u>150,151</u></u>

(1) Employees of certain Business-Types Activities organizations are included in Governmental Activities as follows:

Employees of the State Employees' Health Benefit Plan are included as employees of the Department of Community Health in Health and Welfare.

Employees of the Unemployment Compensation Fund are included as employees of the Department of Labor in Economic Development and Assistance.

(2) Until fiscal year 2001, a portion of the activities of the Georgia Technology Authority were performed by the Department of Administrative Services which is included in General Government.

(3) Beginning in fiscal year 2007, the Georgia Technology Authority is reported as an internal service fund serving primarily governmental organizations and, as such, its employees are included in Governmental Activities - General Government.

(4) Beginning in fiscal year 2007, the State Road and Tollway Authority, formerly a discretely presented component unit, is blended with the primary government. Although the Authority performs both governmental and business-type activities, the majority of its employees are involved in the business-type activities.

Source: Georgia Department of Audits and Accounts



**Fiscal Year**

2005	2004	2003	2002	2001	2000
7,352	6,927	6,857	6,326	8,422	8,874
1,156	1,011	925	942	949	1,034
22,081	19,918	12,048	10,601	13,869	14,557
5,850	5,844	5,916	6,083	7,073	6,905
22,949	23,077	23,586	22,751	25,135	25,706
4,614	4,675	4,729	4,112	2,608	2,749
2,927	2,864	2,956	2,119	2,453	3,071
726	1,065	765	746	831	872
67,655	65,381	57,782	53,680	61,340	63,768
630	650	732	762	125	16
81,893	79,160	80,222	71,644	60,694	58,799
-	-	-	-	-	-
82,523	79,810	80,954	72,406	60,819	58,815
150,178	145,191	138,736	126,086	122,159	122,583

# State of Georgia

## Schedule 14

### Operating Indicators and Capital Assets by Function

#### For the Last Ten Years <sup>(1)</sup>

	2009	2008	2007	2006
General Government				
Department of Revenue				
Number of Personal Income Tax Filers	NCA	NCA	4,273,200	4,046,275
Education				
Department of Education				
Public School Enrollment (March FTE Count)				
Pre Kindergarten through Grade 5	818,709	812,311	801,307	782,428
Grades 6 through 8	367,453	368,734	371,020	369,809
Grades 9 through 12	455,871	453,210	446,539	436,566
Board of Regents of the University System of Georgia				
Number of Separate Institutions	35	35	35	35
Number of Active Educators	11,654	11,422	11,082	9,721
Number of Students	282,978	270,022	259,945	253,552
Health and Welfare				
Department of Human Resources				
Food Stamp Recipients	NCA	986,245	947,146	947,683
Temporary Assistance for Needy Families Recipients	NCA	NCA	47,395	68,993
Child Support				
Collections (in thousands)	NCA	NCA	\$ 650,856	\$ 628,231
Children Served	NCA	NCA	486,327	520,289
Transportation				
Department of Transportation				
Miles of State Highway	18,095	18,096	18,066	18,084
Public Safety				
Department of Corrections				
Number of Inmates	54,049	54,016	53,226	52,635
Number of Probationers	154,218	148,629	142,663	136,175
Economic Development and Assistance				
Department of Economic Development				
Economic Impact of Tourism (in millions):				
Domestic Traveler Spending <sup>(2)</sup>	NCA	NCA	\$ 34,100	\$ 29,860
Domestic Travel-Generated State Tax Revenues	NCA	NCA	\$ 845	\$ 812
Culture and Recreation:				
Department of Natural Resources				
Number of State Parks	48	48	48	48
Number of Historic Sites	15	15	15	15
Acreage of State Parks and Historic Sites (in acres)	85,000+	82,000+	82,000+	72,835
Conservation				
Forestry Commission				
Economic Impact of Forestry Industry				
Output (in millions)	NCA	\$ 18,300	\$ 18,500	\$ 17,760
Employment	NCA	57,812	64,192	67,733
Compensation (in millions )	NCA	\$ 3,100	\$ 3,400	\$ 3,513

(1) Data is presented by either fiscal year or calendar year based on availability of information.

(2) Information for 1999 - 2001 did not include indirect expenditures, which ranged from \$10 billion in 2002 to \$13.9 billion in 2007.

Source: NCA - Not Currently Available

\*\* - Historical Information Not Available

Information obtained from the individual organizations listed.

Fiscal Year					
2005	2004	2003	2002	2001	2000
3,838,000	3,777,000	3,692,000	3,658,705	3,650,428	3,629,290
757,383	745,115	735,821	730,948	728,824	724,115
367,122	364,051	358,592	349,056	336,804	326,668
419,539	404,355	392,281	379,823	369,546	362,057
35	34	34	34	34	34
9,335	8,981	8,870	9,063	7,765	7,858
250,659	247,020	233,098	217,546	205,878	203,806
908,073	847,886	700,876	576,522	515,538	516,609
99,370	135,515	138,624	130,409	123,671	133,023
\$ 595,921	\$ 554,198	\$ 523,744	\$ 463,537	\$ 430,333	\$ 402,855
515,062	516,045	624,068	625,944	679,814	676,868
18,084	18,084	18,019	18,055	18,106	17,990
47,304	48,619	47,111	46,937	45,463	43,732
115,177	128,395	130,505	121,500	122,739	134,855
\$ 27,989	\$ 26,127	\$ 24,729	\$ 23,879	\$ 14,100	\$ 15,500
\$ 779	\$ 740	\$ 709	\$ 683	\$ 644	\$ 638
48	48	48	58	51	49
15	15	15	15	17	17
72,835	72,835	72,835	68,271	78,942	75,712
\$ 16,150	\$ 14,163	\$ 12,679	\$ 16,085	\$ 19,522	**
67,694	67,633	65,706	70,715	77,266	**
\$ 3,422	\$ 3,299	\$ 3,007	\$ 3,241	\$ 3,626	**